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# Astronauts' Remains Found in Wreckage Off Florida Coast

*United Press International*

CAPE CANAVERAL, Florida — The wreckage of the crew compartment of the space shuttle Challenger has been found off the coast of Florida with the remains of the astronauts still on board, the National Aeronautics and Space Administration announced Sunday.

A NASA spokesman, Hugh Harris, said the wreckage was located Friday by sonar at a depth of about 100 feet (30 meters).

"On Saturday morning, after securing operations during the night for safety reasons, the USS Preserver, whose divers are thoroughly briefed on debris identification and who have participated in similar recovery operations, began to work," a NASA statement said.

"Subsequent dives provided positive identification of Challenger crew compartment debris and the existence of crew remains."

Mr. Harris stressed that he did not know if the entire seven-member crew was still inside the split-level crew module or what condition the cabin was in.

"Local security measures are being taken to assure that the recovery operations can take place in a safe and orderly manner," he said. "In deference to family wishes, NASA will not make any further comment until recovery operations and identifications are complete."

NASA said depending on the weather and sea conditions, the task of recovering the compartment wreckage and remains could take several days.

The crew of the Challenger, which was destroyed by an explosion 73 seconds after liftoff on Jan. 28, were Francis R. Scobee, the mission commander; Commander Mike Smith, the copilot; Sharon Christa McAuliffe, a New Hampshire schoolteacher who was to have been the first private U.S. citizen in space; and Judith Resnik; Lieutenant Colonel Ellison S. Onizuka; Ronald E. McNair; and Gregory Jarvis.

The official, John W. Young, made the complaints in a 12-page memorandum dated March 4.

Passages of Mr. Young's memorandum were quoted Saturday in The Houston Post. NASA headquarters in Washington released the memorandum later in the day.

Mr. Young listed, in an enclosure, what he called "awesome" safety-related problems that he said had threatened crews since October 1984.

"If the management system is not big enough to stop the space shuttle program whenever necessary to make flight safety corrections, it will not survive and neither will our three space shuttles or their flight crews," wrote Mr. Young, a veteran astronaut.

The memorandum was addressed to George W.S. Abbey, head of crew operations here, and Rear Admiral Richard H. Truly, the newly appointed chief of the shuttle program, and distributed to the other 95 astronauts.

On Saturday, Admiral Truly issued a brief statement in which he said, "I certainly concur with John's thrust — that flight safety must be NASA's first consider-

(Continued on Page 7, Col. 6)

■ **Astronaut Assails NASA**

*Earlier, Robert Reinhold of the New York Times reported from Houston:*

NASA has exposed astronauts to numerous potentially "catastrophic" hazards because of pressure to maintain its launching schedule, the chief of the agency's astronaut office has asserted.

Reuters

**A woman looking for relatives pleaded Saturday with a Phalangist militiaman in Christian East Beirut after a bomb killed five persons and wounded 42 near a Phalangist office.**

# Lebanese Shiites Kidnap French Television Crew

By Joseph Fitchett
*International Herald Tribune*

PARIS — Shiite Moslem terrorists in Lebanon, who claim to have killed a French hostage, have abducted four members of a French television crew, creating a foreign policy crisis in France in the final week of a parliamentary election campaign.

Diplomats said Sunday that surging emotion in France was likely to complicate the outlook for the hostages and damage the electoral prospects of the governing Socialists.

Prime Minister Laurent Fabius, in a television broadcast Sunday, said "further escalation is possible because France is in an election."

It was not clear whether he meant that hostages might be killed. He said that France "refused to give in to blackmail because it would threaten the lives of French citizens all over the world."

President François Mitterrand and the Socialist government face media charges of foreign-policy inconsistencies and weakness on terrorism.

For nearly a year, the Shiite extremist group, Islamic Jihad, has held four French hostages in Lebanon, allegedly in a bid to obtain less French support for Iraq. Six Americans and one Briton also are believed to be held by Islamic Jihad.

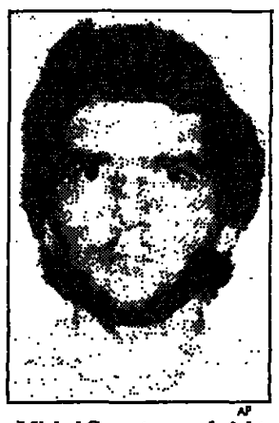
On Saturday, when Islamic Jihad kidnapped four journalists from Antenne-2 television, the pressure on the French government grew.

Until now, France has sought the hostages' release through both official and informal contacts with Syria and Iran. It has rejected Islamic Jihad's primary demand, direct political talks with the pro-Iranian Hezballah, or Party of God, according to French and Arab sources.

Islamic Jihad has also demanded the release of five Arabs imprisoned in France for attempting to assassinate Iranian opposition leaders and seeking French aid for Lebanon's Shiites, the sources added.

The deadlock became a political crisis Wednesday when Islamic Jihad said it had killed Michel Seurat, 37. Mr. Seurat, an academic, has been held since May along with a journalist, Jean-Paul Kauffmann, and two French diplomats.

U.S. officials have told French colleagues that their information indicates that Mr. Seurat is dead, according to French sources who asked not to be identified.



AP

**Michel Seurat, one of eight Frenchmen who have been abducted in Lebanon**

The hostage situation, which bears similarities to President Jimmy Carter's Iranian hostage problem in 1980, is complicated by the French government's poor relations with both Iran and Syria. In an effort to balance French support for Iraq, Roland Dumas, the minister of external relations, has made quiet overtures to Iran in recent months.

*The effect of this double-track* policy has been increased suspicion of France in both Iraq and Iran, Middle Eastern specialists said.

For example, Iraq registered concern after recent leaks in the French press that French munitions have been reaching Iran. Although the amounts are small, deliveries have been under way for several months, with the knowledge of senior French officials, sources said.

Amid these Iraqi worries, France last week handed over to Baghdad two dissidents suspected of being pro-Iranian opponents of the Iraqi government of President Saddam Hussein.

Despite French explanations that the expulsion was due to administrative confusion, French commentators said that the decision by Interior Minister Pierre Joxe had in effect sent the two men to their deaths. On Sunday, the French ambassador in Baghdad saw the two men and said they were in good health.

With Iran anxious to reassure its Iraqi agents, the pro-Iranian Islamic Jihad announced that it had "executed" Mr. Seurat as a reprisal, French diplomats said.

Islamic Jihad said Sunday that it would kill the abducted French journalists unless France obtains the release of the two Iraqis within

(Continued on Page 7, Col. 6)

# *Rebels Show No Sign of Deal With Aquino*

By Michael Richardson
*International Herald Tribune*

MANILA — Leaders of the Philippines' outlawed Communist revolutionary movement and affiliated organizations have made it clear that they see no likelihood of a quick or easy reconciliation with the government of President Corazon C. Aquino.

In a number of public statements and contacts with journalists since President Ferdinand E. Marcos fled the country last month, spokesmen for the radical left have attached conditions to ending armed insurgency. Analysts say that these would be difficult, if not impossible, for the Aquino administration to meet.

They say that Mrs. Aquino, some of her allies in the administration and senior members of the influential Roman Catholic Church hierarchy are genuinely seeking a formula to end the conflict.

But they say that neither the "reformed" armed forces under Mrs. Aquino's chief of staff, General Fidel Ramos, and Defense Minister

**A tour of Malacanang Palace offers a dizzying glimpse of the Marcos family's wealth. Page 2.**

Juan Ponce Enrile, nor key decision-makers in the Communist Party, the New People's Army and the National Democratic Front, believe that a durable solution can be found without one or other side in effect surrendering. The New People's Army is the party's guerrilla wing, and the National Democratic Front is the organization the party uses for mass political mobilization.

Hopes for progress toward a negotiated end to the insurgency were raised by the replacement of Mr. Marcos, who had been in office for 20 years, by a leader who said she was committed to dismantling his *authoritarian power structure and* replacing it with a democratic system.

In what was seen as a step to create the right climate for a ceasefire and negotiations with the Communists, the government ordered the release of more than 500 political detainees arrested by the military under Mr. Marcos mainly because they were suspected of having Communist links.

Last Wednesday, in spite of military reservations, President Aquino freed four prisoners who had been detained on the ground that they were senior Communist leaders.

But on Thursday, the New People's Army command for the Bicol region, south of Manila, said in a statement that the armed forces should be purged if the Aquino government was to live up to the expectations of the people.

The statement said the inclusion of Mr. Enrile and General Ramos, long-serving Marcos appointees who led a military revolt that helped force Mr. Marcos into exile, was unacceptable.

In interviews in the past two weeks, Communist Party leaders have said that they are prepared to hold talks with Mrs. Aquino or her representatives provided that their security is guaranteed.

They have said that the New People's Army would insist on keeping its arms; Mrs. Aquino has said that the guerrillas must lay down their weapons as part of a negotiated truce.

Communist leaders have also

(Continued on Page 2, Col. 4)

# *Soviet Assails U.S. Order For Cuts in UN Staff*

*New York Times Service*

MOSCOW — Tass has assailed the United States for ordering a reduction of Soviet personnel at the United Nations as an unprecedented and hostile move that violated U.S. commitments as the host country for UN headquarters.

The Tass statement Saturday followed a Reagan administration order demanding a 38-percent reduction in the Soviet, Ukrainian and Belorussian delegations, accusing them of espionage and calling the size of the missions "a threat to *national security.*"

The order Friday said that the permanent staffs would be cut from a total of 275 to 170 by April 1, 1988.

The reduction will take place in *four stages of equal numbers.* By October of this year, for example, when the first phase is to be completed, the three missions will be allowed to have no more than 218 to 243 permanent staff members.

Under arrangements that created the United Nations at the end of World War II, the Soviet Union is represented by a delegation from its central government and delegations from the Ukraine and Belorussia, two of its 15 constituent republics, on the ground that these areas suffered particularly from the German invasion during the war.

The Belorussian and Ukrainian missions, which have functioned as independent members of the United Nations *since its founding in* 1945 under an arrangement worked out at the Yalta conference, will be allowed no more than 10 permanent staff members. Their staffs operate out of the Soviet Mission.

The Soviet Union will be permitted, however, to open a new New York mission that is accredited to the United States, State Department officials said.

The new mission is a consulate being established under an accord providing for a Soviet consulate in New York and a U.S. consulate in Kiev.

The Reagan administration has been under pressure from Congress to reduce Soviet personnel working in the United States after a series of espionage cases in the United States.

There are several bills pending in Congress to force the Russians to have no more personnel than the United States has in Moscow. The United States now has 200 officials in Moscow and 28 in Leningrad.

In 1980, after the Soviet intervention in Afghanistan, the United States told the Soviet Union that it could have no more than 279 officials at its embassy in Washington and 41 at its consulate in San Francisco.

Apparently alluding to Washington's charges of espionage among staff members of the Soviet missions, Tass said Saturday that the action had been taken "under farfetched and groundless pretexts."

"It is obviously aimed at further undermining the United Nations," Tass said.

The dispatch continued: "The United States, seeking to force changes in United Nations policy to meet Washington's interests, is not stopping short of crude pressure and blackmail or shrinking from direct violations of its international commitments in a bid to work up an atmosphere around the United Nations that hinders the work of this authoritative international forum."

UN officials said on Saturday that they were investigating the legality of the order.

The United States has occasionally expelled individual diplomats from UN missions for specific reasons but never ordered an overall cut in the size of a mission.

The legality of the decision rests on three documents, according to experts in international law.

They are the General Convention on Privileges and Immunities of 1946, the Headquarters Agreement of 1947 and a 1947 report of the Senate Foreign Relations Committee.

None of these agreements limits the size of a mission although they raise questions about individuals who are considered to have abused their privileges and immunities.

(Continued on Page 7, Col. 5)

# Ecuador General Continues Rebellion

*Reuters*

QUITO, Ecuador — The former chief of Ecuador's armed forces, Lieutenant General Frank Vargas Pazos, continued a rebellion Sunday at a heavily defended military base after being dismissed over his charges of corruption in the military.

General Vargas was dismissed Friday as armed forces chief of staff and chief of the air force by President León Febres Cordero after the general demanded the resignation of the defense minister, General Luis Piñeiros, and the chief of the army, General Manuel Albuja, saying they had misused military funds.

On Friday, shots were heard inside the Defense Ministry building in Quito. General Vargas later said that the shots had been fired by General Piñeiros and his troops after he had asked to meet with the president to demand the dismissal of General Piñeiros.

Later Friday, General Vargas refused a request by President Febres Cordero to resign and fled to Eloy Alfaro Air Base in Manta, on the Pacific coast 250 miles (400 kilometers) south of the capital.

Reuters

**General Frank Vargas Pazos**

Radio reports said the base was defended by about 600 heavily armed troops, and General Vargas told a television interviewer that civilians had also come forward to help in the defense of the base.

However, two air force generals and about 50 other officers who initially backed the takeover left the air base Saturday and met with General Jorge Andrade, who was named to replace General Vargas.

General Andrade traveled to Manta on Sunday along with ranking naval officers after meeting with Mr. Febres Cordero.

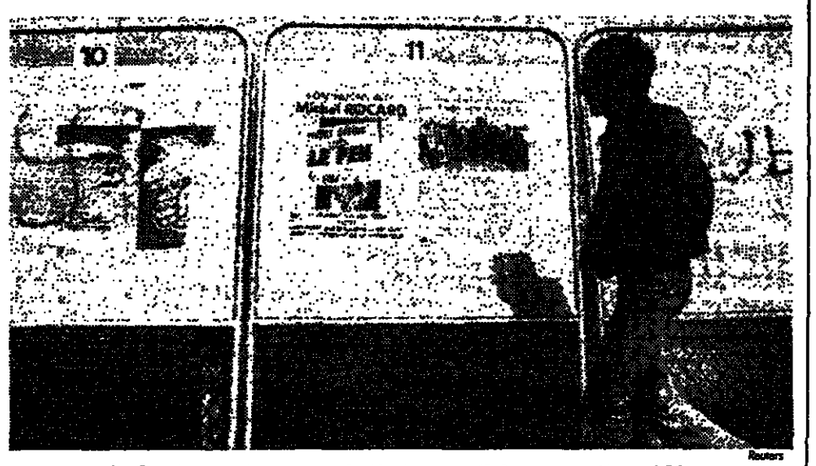
"I hope that this afternoon we will have a solution to this problem for the good of the country," General Andrade said.

There was no evidence that the dispute threatened the government in Ecuador, which has been led by elected civilian presidents since the last military regime left power in 1979.

"The principle of democracy will always be respected," General Vargas said. "I do not want to destroy democracy, which is the best system."

President Febres Cordero said he planned to stay in Guayaquil, Ecuador's main seaport, to celebrate his 55th birthday Sunday at the family home.

"Nothing is happening except the insubordination of a high official," he said.



Reuters

**A passerby looks at campaign posters in Croissy-sur-Seine, where the stabbing occurred.**

# French Socialist Slain in Poster Dispute

*Reuters*

VERSAILLES, France — A man hanging an election poster for the Socialist Party in a Paris suburb was stabbed several times and died, a party spokesman said.

Philippe Brochard, 35, was hanging posters Friday night in Croissy-sur-Seine with two other people, one of them a member of the Croissy town council, when he saw a poster for the far-right National Front in a spot officially reserved for the Socialist Party.

Mr. Brochard removed the poster and was replacing it with a Socialist one when about a dozen men arrived in three cars, witnesses said.

One of the men said to Mr. Brochard, "So you don't like our posters," and stabbed him several times before escaping, the witnesses added. Mr. Brochard died Saturday in a hospital.

Judicial sources said Régis Devaux, a soldier, had admitted the killing and was charged with murder. Three other persons were charged with failing to help someone in danger.

Interior Ministry officials said Mr. Devaux was a quartermaster-sergeant with an infantry regiment stationed near Croissy. The National Front said Mr. Devaux was not listed as a member in the Paris area.

## To Our Readers

# Miami: Our 8th Print Site

With today's issue, the International Herald Tribune begins printing newspapers in Miami, Florida, for rapid distribution throughout the Western Hemisphere. The Miami printing site is the eighth for the newspaper, joining our five European and two Asian printing centers.

The IHT thus becomes the first newspaper in history to print the same edition simultaneously for distribution on all continents.

The Miami print run comes early in the evening, local time, allowing overnight air shipments to major cities in South, Central and North America and in the Caribbean.

Edited in Paris, the news content of the Herald Tribune is *virtually the same* at all printing sites, reflecting our philosophy of serving internationally minded readers in all parts of the world with a single global overview of the day's events.

As our editors and compositors complete their work in Paris each evening, an electronic image of each page is sent to each of the printing sites at a speed of about four minutes per page. To reach Miami, *the signal is* relayed by an Intelsat V-A communications satellite 23,000 miles (37,300 kilometers) above the Atlantic Ocean to our Earth station at the Miami plant. The printing is done there on presses owned by the Spanish daily newspaper Diario Las Americas.

The objective of the new printing operation is to make the IHT available to readers in the Americas more quickly and at a lower cost than has been possible with copies flown in from Europe. This is a natural extension, we believe, of our role as a global newspaper, international not only in content and perspective, but also in distribution and readership.

*Founded in Paris* 99 years ago, the IHT has been owned jointly since 1967 by the New York Times Co., The Washington Post Co. and Whitney Communications Co. Its daily paid circulation last year averaged 168,189 copies, in 164 countries.

# *Europeans Reject Armed U.S. Anti-Terrorist Action*

By E.J. Dionne Jr.
*New York Times Service*

LONDON — People in France, Britain and West Germany say they believe U.S. military action against international terrorism would only make the problem worse, even though they are dissatisfied with their own governments' handling of the problem, a New York Times poll shows.

The survey found some support for joining U.S. economic sanctions against Libya, something that the governments of all three countries have declined to do.

French respondents favored joining in the sanctions, 42 percent to 29 percent; West Germans were evenly divided, at 33 percent; and the British opposed the sanctions by a margin of 41 percent to 38 percent, a gap equal to the margin of sampling error of the British survey. In West Germany, the margin of sampling error was also three points; in France it was four.

In addition, less than half the respondents in the three countries said the United States was "overexcited" about terrorism. Most agreed, as President Ronald Reagan has argued, that Libya and the Palestine Liberation Organization had been involved in terrorist attacks.

The poll also found that no more than a fifth of those surveyed in any of the three nations said pressure on Israel to make concessions to the Palestinians would help to solve the problem.

The survey was conducted last month by The New York Times to measure Western Europeans' opinions on an issue that has irritated relations between their governments and Washington.

*No survey was conducted in Italy, the site of many recent* terrorist incidents, including an attack on Dec. 27 at Rome's Leonardo da Vinci Airport, because it was not possible to get survey results in a timely fashion. In the countries polled, all interviewing was concluded before the assassination of Prime Minister Olof Palme of Sweden on Feb. 28.

**One of the most striking findings was that domestic terrorism was considered a greater problem than terrorist acts linked to the Mideast.**

One of the most striking findings of the poll, coordinated by Market and Opinion Research International of London, was the extent to which purely domestic terrorism was considered a greater problem than terrorist acts linked to the Middle East.

In Britain, which faces intermittent violence stemming from the conflict in Northern Ireland, an overwhelming majority of the 1,951 people interviewed, 59 percent to 25 percent, considered domestic terrorism the greater danger. Northern Ireland itself was not included in the British survey.

In West Germany, domestic terrorism, most recently linked to the Red Army Faction, was seen as a greater threat than foreign terrorist groups by 41 percent to 35 percent among the 2,007 people polled.

Only in France was terrorism from abroad seen as the more serious problem, by a plurality of 43 percent to 33 percent of the sample of 994 adults. France has had terrorist attacks by extreme leftist groups and Basque and Corsican separatists, as well as by Middle Eastern and Armenian groups.

In all, 25 percent in West Germany, 29 percent in France and 41 percent in Britain said their governments were doing all they could to fight terrorism. In a New York Times-CBS News poll in January, 38 percent of Americans surveyed said their government was doing all it could.

The European survey found a sense of resignation that as long as Israel did not make concessions to the Palestinians, terrorism would continue.

But on the question of whether pressure on Israel to make concessions to the Palestinians would reduce terrorism, only

(Continued on Page 5, Col. 1)

## INSIDE

AP/1971

**Jacob K. Javits, 81, has died in Florida. Page 3.**

GENERAL NEWS

■ Uganda said its army has captured the last remaining stronghold of the previous military government. Page 6.

■ As Milan's winter show opens, the question is: What about the dollar? Page 7.

BUSINESS/FINANCE

■ A big drop in OPEC production is forecast for the first quarter of 1986. Page 15.

PERSONAL INVESTING

■ Is timing an effective strategy to outguess stock market movements? Page 9.

# 3,000 Pairs of Shoes: What the Marcoses Left Behind

By Fox Butterfield
*New York Times Service*

MANILA — A renowned Filipino art collector who is helping the new government sort through the possessions that Ferdinand E. Marcos and his wife, Imelda, left behind at Malacanang Palace said she was flabbergasted by her findings.

The art collector, Beatrice Zobel, is the wife of Jaime Zobel, a member of one of the wealthiest families in the Philippines, whose fortune dates from Spanish colonial times.

"There are bills and bills and bills scattered on nightstands and stashed in drawers," Mrs. Zobel said Saturday.

"Imelda would buy a million dollars in jewelry at one store in the morning and then turn around and buy $2 million worth from an antique store in the afternoon."

Among the receipts was one from the designer Valentino for $107,000 for an evening gown and six silk dresses, she said. An agent for the Valentino concern had sold the clothes to Mrs. Marcos at Malacanang, the bill indicated.

Mrs. Zobel also uncovered a stack of scrapbooks with photographs of homes and buildings apparently owned by the Marcoses in New York and London. "There are pictures that show interiors with very expensive paintings by the masters," she said.

Mrs. Zobel, who supported Corazon C. Aquino, the new president, during her campaign, said she had turned over the valuable finds to Jovita R. Salonga, the head of a commission that is seeking the return to the Philippines of Mr. Marcos's wealth.

Philippine officials and private consultants in the United States said the Philippine government had seized boxes of documents in Manila that linked Mr. Marcos to holdings around the world.

> **'Imelda would buy a million dollars in jewelry at one store in the morning and then turn around and buy $2 million worth from an antique store in the afternoon.'**
>
> *— Beatrice Zobel, art collector*

The Marcoses' former residence will be opened to the public this week as a museum to demonstrate how they lived.

Representative Stephen J. Solarz, Democrat of New York, who visited the palace Saturday, said that the most striking sight was the dozens of racks of shoes laid out like a department store.

"Compared to Imelda, Marie Antoinette was a bag lady," the congressman said after he viewed the palace basement, which is stocked with hundreds of dresses and 3,000 pairs of shoes for Mrs. Marcos.

Mr. Solarz heads the House Subcommittee on Asian and Pacific Affairs.

On one shelf were four identical pairs of black-and-silver shoes bearing the Charles Jourdan label. Arrayed above and below were rows of footwear with labels such as Gucci, Ungaro, Beltrami, Pancaldi and Walter Steiger.

In one corner were five shelves of Gucci handbags with their price tags still attached, evidently unused. The inventory also turned up 68 pairs of gloves.

On the palace's intercom system, Mr. Marcos's bedroom was labeled "King's Room" and Mrs. Marcos's, "Queen's Room."

Among the books in the glass-paneled library were "Power Politics," "The Party's Over" and "Fun While It Lasted."

### ■ U.S. Appraises Jewelry

The value of the jewelry brought into Hawaii by the Marcos family has been estimated at $5 million to $10 million by the U.S. Customs Service, The New York Times reported from Washington.

Reagan administration officials said Friday that customs officials had almost finished listing the valuables and the financial and personal documents that were aboard the two C-141s that carried the Marcos family and associates and their baggage and property from Clark Air Base in the Philippines to Hawaii last month.

Administration officials said the total value of the property was not high in comparison with the value of the Marcos family holdings. Congressional sources said the family's total holdings were estimated by the Central Intelligence Agency at more than $2 billion.

### ■ Westinghouse Denies Charge

An official of Westinghouse Electric Co. has said that allegations of illicitly inflated costs at its nuclear power plant in the Philippines "are completely without merit," The New York Times reported from Pittsburgh.

The official, questioned last week, said it was "inappropriate" to compare the price of the Philippines plant with any other. The plant reportedly has cost about $75 million more than comparable facilities elsewhere.

Filipino officials and others have said that Mr. Marcos received most of an $80-million payment for awarding the plant contract to Westinghouse 10 years ago.

Westinghouse has acknowledged paying a commission to a Marcos associate, but has declined to elaborate.

Yasser Arafat

# PLO Seeks To Reconcile With Jordan

*United Press International*

TUNIS — Yasser Arafat and his Palestine Liberation Organization are seeking to make peace with King Hussein, saying that Jordan and the PLO must work together to resolve the Middle East stalemate.

"The door remains open to more negotiations," the PLO said Saturday in a statement following a weeklong meeting of the leaders of the mainstream el-Fatah and other factions.

The statement avoided criticizing Hussein for his Feb. 19 declaration in Amman that talks with the PLO on a joint Middle East peace initiative had collapsed.

"The PLO reaffirms its attachment to a positive, Jordanian-Palestinian process of peace," the statement said.

Hussein had announced that he was unable to reach a political agreement with the PLO. He was believed to have been angered by the PLO's refusal to recognize United Nations Security Council resolutions that imply Israel's right to exist.

### ■ Arguments Within PLO

Palestinian sources said Friday that there were heated arguments at the PLO's meeting in Tunis, with Mr. Arafat insisting that the relationship with Jordan was much too important to sever right now, The New York Times reported from Beirut.

Mr. Arafat rejected demands by two aides, Saleh Khalef and Farouk Kaddoumi, that he publicly renounce the agreement made last year with the king, the sources said.

Mr. Khalef is Mr. Arafat's second in command in Fatah, which is the largest of the eight Palestinian guerrilla groups. Mr. Kaddoumi heads the PLO's political department.

Mr. Arafat was reported by the sources as saying that it took several years of dialogue and hard work to gain a working relationship with Amman. In the last three years, the PLO has established offices in Jordan, and its parliament in exile, the Palestine National Council, is headquartered there.

Palestinian sources said their information from Tunis indicated that Mr. Khalef and Mr. Kaddoumi were pressing to end the Arafat-Hussein accord to retaliate against the king. They argued that such a step would clear the way for healing the rift inside the PLO, the sources reported.

Several guerrilla groups that oppose Mr. Arafat have said they will not rejoin the PLO unless the agreement with Jordan is canceled.

Meanwhile, it was reported that Abu Nidal, head of the PLO's breakaway Fatah-Revolutionary Command, met at an undisclosed location with three of his men who were released recently by Portugal and France.

According to a Revolutionary Command statement published here Friday, the three were Yussef al-Awad, Atem Husni and Kayed Assad.

Mr. Awad was charged with the killing in 1983 of Dr. Issam Sartawi, a roving ambassador for Mr. Arafat, in Lisbon. Mr. Husni and Mr. Assad were being held in the assassination of Ezzedine Kalak, the head of the PLO office in Paris, in 1978.

Neither France nor Portugal explained the release. Lebanese media have speculated that both European nations received assurances that Abu Nidal's group would not carry out terrorist acts in those countries if the men were freed.

### ■ Hassan Prods PLO

King Hassan II of Morocco has urged the PLO to form a government-in-exile in order to achieve more respectability and be seen as dissociating itself from terrorism, Reuters reported from Marrakesh, Morocco.

At a news conference Friday, the king said the PLO needed to "further establish its respectability and credibility."

# WORLD BRIEFS

## Angola Rejects Proposal on Namib

LISBON (AP) — Angola has rejected conditions of a South A proposal to grant independence to the territory of South-West Afr Aug. 1, the official Angolan press agency ANGOP has reported.

The Angolan government said Saturday that South Africa's insi on making independence for South-West Africa, also known as Nas conditional on a pullout of Cuban troops from Angola was "a tire inopportune pretext" to delay a South African withdrawal fro territory, a former German colony it has controlled since 1920.

Angola also accused the United States of defending white-mi rule in South Africa and said the Reagan administration had credibility as a mediator in southern Africa by supporting the An rebels. South Africa proposed March 4 to put a United Nations pla Namibian independence into motion in return for an Angolan guar on a Cuban withdrawal.

## Italy Said to Approve Private SDI R

ROME (AP) — Newspapers reported Saturday that Italian comp would be allowed to join in research for the U.S. Strategic Def Initiative as soon as an accord was worked out with Washington.

La Repubblica, a Rome daily, and Corriere della Sera, a N newspaper, said that a special committee supervised by Prime Min Bettino Craxi agreed Friday to allow private industry to take part i U.S. research plan, which is aimed at developing a space-based def against nuclear missiles. But the papers said the government must establish the conditions under which Italian companies would par pate.

The government must secure guarantees on what contracts woul available to Italian companies, what economic benefits those compa could expect, and how much expertise would be passed on to them, papers said. Italy also would require regular reports from the Un States on the technological development of the research and its effec arms talks with the Soviet Union, La Repubblica said.

## Mugabe, Nkomo to Merge Parties

BULAWAYO, Zimbabwe (AP) — The Zimbabwe opposition leader, Joshua Nkomo, said Sunday that he and his longtime foe, Prime Minister Robert Mugabe, were committed to merging their rival political parties as a prelude to establishing a one-party state.

Mr. Nkomo, 68, president of the Zimbabwe African Peoples' Union, said the only point of disagreement between the two leaders in five months of unity talks was over the distribution of cabinet posts and Parliament seats. Mr. Nkomo has been under pressure to dissolve his party since Mr. Mugabe led the former white-ruled British colony of Rhodesia to independence in 1980.

Mr. Nkomo urged about 30,000 supporters to forget massacres of people in Matabeleland, his traditional tribal stronghold, in 1983 and 1984. "What happened to the people of Matabeleland is a tragic story," he said. "But let's forget that. It is history now."

Joshua Nkomo

## Panamanians to Strike Over Reform

PANAMA CITY (UPI) — An alliance of union leaders has authori a nationwide strike of indefinite length beginning Monday to pro proposed changes in labor law that the government says are needed obtain a World Bank loan, union officials said.

The National Council of Organized Workers, which represents half nation's work force, also decided at a meeting Friday night to st demonstrations, officials said Saturday. In addition, the council cussed a plan to block main streets to prevent nonunion workers fr reporting to their jobs. The government plans to reduce overtime pay employees of small businesses, allow nonunion workers to do piece w at home and permit seasonal agricultural work without contracts.

Banking sources say the Legislative Assembly must approve the refo package by March 30 if Panama hopes to receive a $60-million Wo Bank loan, which would pave the way for new loans from commer banks and the rescheduling of $573 million in debt payments due year. Panama owes $3.7 billion to foreign banks.

## Danish Tourist Died in Cairo Riot

CAIRO (AP) — Egyptian authorities have confirmed that a bo found in a hotel set ablaze by rioting security forces was that of a Dan tourist, a Danish Embassy spokesman said.

The spokesman identified the victim as Anne Pedersen, 76. She was only foreigner killed in the rampage by mutinous security troops that l 107 others dead.

President Hosni Mubarak admitted in a nationally televised spe Saturday that living conditions for the almost 300,000 members security force had been substandard. "I have given orders for speci measures to be taken to improve their living conditions and to care them socially, morally and intellectually," Mr. Mubarak said.

## For the Record

**The Democratic National Committee** adopted its 1988 U.S. presidenti nomination rules Saturday. An amendment to eliminate the threshold primary or caucus votes a candidate must reach in order to be award delegates was defeated on a voice vote. (W

**Richard W. Murphy**, the U.S. assistant secretary of state for N Eastern and South Asian affairs, met Sunday with the Tunisian fore minister, Beji Caid Essebsi, to discuss Middle East questions, Tunis sources said. (A

**Three Lebanese guerrillas ambushed** an Israeli Army patrol Sunday southern Lebanon, killing one Israeli soldier and wounding five oth the Israeli military command said. Two guerrillas were killed and a th was wounded and escaped, the command said. (A

## CORRECTION

A photograph of Halley's comet, published in the Herald Tribune Feb. 7, was incorrectly identified by The Associated Press as a pict relayed from the Soviet probe Vega-1. It was taken from a textbook showed an earlier pass of the comet.

## DOONESBURY

# Philippine Leftists Give No Hint of Compromise

(Continued from Page 1)

said that they would expect the government to carry out land reform, make a commitment to remove U.S. bases from Philippine soil, restore "people's freedoms" and end exploitation of workers and peasants.

In an interview in Manila on Friday, a National Democratic Front official, who requested anonymity for fear of being arrested, said the revolutionary movement was not about to surrender hard-won gains made under Mr. Marcos just because Mrs. Aquino and some of her supporters were well-intentioned.

He said that the New People's Army had about 12,000 guerrillas armed with high-powered weapons in its regular forces. They were supplemented by about 18,000 less well-armed irregulars.

He put Communist Party membership at about 30,000 and National Democratic Front strength at between 900,000 and 1 million.

U.S. officials have put the number of New People's Army regulars and irregulars at about 26,500 and said that approximately 20 percent of the country's villages are influenced or controlled by the Communists.

Philippine military spokesmen say the New People's Army has between 12,000 and 15,000 guerrillas. The Philippines has a population of 55 million and government security forces of about 250,000 men.

The National Democratic Front official said that the Aquino administration was a coalition of progressive, conservative and former members of the Marcos regime. It was doubtful, he said, that such a group would make the changes needed for a genuine "people's democracy" based on economic, social and political equality.

"Mrs. Aquino's problem is that she is working within a system tainted by so much corruption and abuse of power, a system that is biased in favor of the rich against the poor," he said.

"She says she wants to change this system. I think she has the guts to do it. But politically it may not be possible for her to do so."

He said many people had high expectations that the Aquino government would be able to "produce a better way of life."

However, support would quickly turn to disillusionment if anticipated improvements did not materialize, he said.

Diplomats said that while Mrs. Aquino and church leaders hoped that the Communist movement as a whole could be persuaded to disavow violence and join the mainstream of Philippine politics, her offer of reconciliation might by itself be enough to get substantial numbers of Communist supporters to defect.

On Friday, the official Philippine News Agency quoted military officers as saying that several New People's Army contingents north of Manila had sent "feelers to surrender," while military authorities elsewhere had begun setting up lines of communication with the rebels.

Cardinal Ricardo Vidal, president of the Catholic Bishops' Conference of the Philippines and Archbishop of Cebu in the center of the country, was also reported to be negotiating for the surrender of an estimated 600 Communist Party and New People's Army members in his province.

# Aquino Seeks To Cut Prices Of Staples

*United Press International*

MANILA — President Corazon C. Aquino, appealing for "a little more patience," said Sunday that she hoped to lower prices of basic goods to ease the effects of the country's economic crisis.

Also Sunday, the official Philippine News Agency said that a top government minister had confirmed reports that Mrs. Aquino would proclaim her administration a "revolutionary government" to allow her to remove local and regional officials appointed by Ferdinand E. Marcos during his 20 years in power. He was deposed earlier this month.

Mrs. Aquino asked for more time to deal with the political and economic problems that face the country.

Speaking to 3,000 members of a militant women's group, she said: "I appeal to you. Please have a little more patience and give your government a little more understanding. We are trying our very best."

Newspaper reports said that the president was expected to announce the lowering of fuel prices in a major bid to push down prices of basic commodities in the nation of 54 million people.

## Alaskan Fishermen Win Battle With Japan

*United Press International*

TOKYO — Japanese fleets will stop salmon fishing in the Bering Sea by 1994 under an agreement reached by the United States and Japan, the Foreign Ministry said.

The agreement, reached Saturday, is seen as a victory for Alaskan fishermen, who for years have insisted that the Japanese are siphoning off American-spawned fish. The agreement also is a blow to Japan's politically powerful fishing industry, which had pressed the government for a favorable solution.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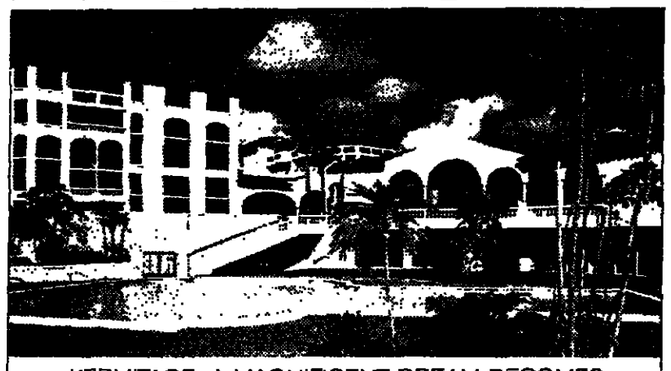

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## AMERICAN TOPICS

The Associated Press

**NECK, NECK AND NECK — On a recent day at Gulfstream Park in Halladale, Florida, some jockeys had unusual mounts, and one, Dino Pileggi at center, found the experience unsettling. The winning ostrich, right, was Big Bird, carrying Buddy Hasher.**

### Farm Crisis Is Felt In Northeast, Too

The agricultural depression that began in the Middle West in 1981 has spread to the Northeast, The New York Times reports. "We expect to see about a 10- to 15-percent reduction this year in the number of farming operations in the Northeast," says Victor J. Riley, president of KeyCorp, a bank holding company in Albany, New York. "That's a serious downturn."

Cornell University in Ithaca, New York, has projected that 29 percent of the 25,000 farmers in New York state might go out of business by 1990. In New Jersey, the Farmers Home Administration said, 240 farmers were delinquent on their loans. Dairy and potato farmers were the hardest hit in both states, in large part because of overproduction.

The problems in the Northeast, though serious, are not as severe as in the Middle West. Iowa has more than four times as many farms as New York and many more farmers in trouble. While Midwestern land values have plunged, land values in the Northeast, where housing and industry compete with farming for land, have increased about 7 percent in the past year.

### Short Takes

**Don Hewitt**, producer of the CBS News program "60 Minutes," said at a recent press dinner that television overplays its role in covering the Republican and Democratic conventions at which presidential candidates are nominated every four years: "We arrive and unload our trucks like Ringling Brothers unloads the circus," he said. "And we take over." The speaker's rostrum, he added, gets "lost in a sea of television booths." Mr. Hewitt said the primary elections had taken "the steam out of political conventions." But he added, "It's time we gave the politicians back their convention."

**Washington state's** King County, which includes Seattle, has changed its name without altering a letter. The county council decided by a 5-to-4 vote that it would no longer be named after William Rufus De Vane King, an Alabama slaveholder who was elected in 1852 as Franklin Pierce's vice president, but who died of tuberculosis before he could take office. Instead, it will henceforth be named after the Reverend Martin Luther King Jr., the late black civil rights leader.

**The powerful loudspeaker** at Arlington National Cemetery in Virginia plays the soothing strains of taps each night. But for people living nearby last Wednesday, the day was definitely not done. From 11 P.M. almost until dawn's early light at 5:45 A.M., neighbors were serenaded with at least 405 nonstop playings of taps; the culprit was a malfunctioning tape machine at the cemetery office. "I thought it was one hell of a funeral," said Bob Krasne, who lives nearby. An army spokesman apologized, adding, "It will not happen again." Neighbors could be grateful for at least one thing: The cemetery does not play reveille.

### Notes About People

Stanford University has announced that **George P. Shultz**, who doubled as a professor of management and public policy there while running Bechtel Corp. before he became secretary of state in 1982, will become a professor of international economics at the university's Graduate School of Business when he returns to the campus. Stanford emphasized that the promotion did not affect Mr. Shultz's tenure in Washington, where occasional rumors of his retirement have yet to be substantiated.

Senator **Phil Gramm**, the Texas Republican best known as a co-author of the Gramm-Rudman-Hollings bill to balance the federal budget, said he decided after a talk with his mother that his effort to make Medicare recipients pay some of their own expenses if they could afford to was "not winnable." He had tangled with Representative Claude Pepper, the 85-year-old Florida Democrat who is a leading congressional champion of the elderly. Mr. Gramm said that when he mentioned this to his mother, she said, "Phil, you better listen to that sweet Mr. Pepper and keep your mouth shut."

*— Compiled by*
ARTHUR HIGBEE

# CIA Covert Role Flourishes Under 'Reagan Doctrine'

By Patrick E. Tyler and David B. Ottaway
*Washington Post Service*

WASHINGTON — João Baptiste, a foot soldier in the Angolan rebel army of Jonas Savimbi, watched in horror one day last August as a Soviet T-62 tank broke through the dense bush in eastern Angola, firing at his fellow guerrillas and crushing one of them beneath its clanking treads.

Armed only with an automatic rifle and a grenade, Mr. Baptiste scrambled up the side of the tank, yanked the turret lid up and dropped the grenade into the hatch, according to accounts later told and retold in Washington.

The explosion stopped the tank's attack on the lightly armed soldiers of Mr. Savimbi's guerrilla army, which has been fighting Angola's Soviet-armed Marxist government for a decade.

Such tales of heroic "freedom fighters" pitted against vastly superior Soviet weapons have captured the imagination of President Ronald Reagan and provide his administration with an emblem for a new direction in U.S. foreign policy that conservatives have begun calling "the Reagan doctrine."

It is a doctrine that seeks to roll back Soviet and Cuban gains in the Third World by supporting anti-Communist insurgencies. To translate theory into practice, the administration has turned to a Central Intelligence Agency reinvigorated and greatly expanded under the activist leadership of William J. Casey.

Mr. Casey, a former international banker and lawyer, has unsurpassed stature among senior cabinet members, making him perhaps the most influential CIA director since Allen W. Dulles in the 1950s in shaping U.S. foreign policy. He has used that influence and his own enthusiasm for covert operations to expand CIA paramilitary involvement in Nicaragua, Afghanistan, Cambodia and now Angola.

The resignation last week of the CIA's deputy director, John N. McMahon, who reportedly was wary of American entanglements in the Third World, appears to have removed one of the principal brakes in the agency against such growing operations.

Since President Reagan took office in 1981, Mr. Casey has rebuilt the CIA into a lethal instrument for carrying out covert operations. The agency's annual budget for secret missions far exceeds $500 million, which is much more funding than at any time since the Vietnam War.

**Casey is perhaps the most influential CIA director since Allen W. Dulles in the 1950s in shaping U.S. foreign policy.**

AP

**William J. Casey**

The administration's request for $70 million to underwrite the rebels fighting the Sandinist government of Nicaragua would push the sum higher.

In recent months, the administration has established a secret interagency committee to oversee the increasingly complex patchwork of covert operations. Although formally nameless, the group meets in Room 208 of the Old Executive Office Building across from the White House and sometimes refers to itself as the "208 Committee."

Its members manage America's new secret diplomacy and supervise the growing local conflicts around the world where American and Soviet interests collide.

These brushfire wars, known in military jargon as low-intensity conflicts, have come to dominate Mr. Reagan's foreign policy agenda in his second term. Some officials believe that they will be the main battleground of East-West rivalry for years.

A picture of the new committee and CIA operations emerged during several weeks of interviews with officials in Congress, at the White House and in other government agencies including the departments of State and Defense.

Other information was provided by sources with past or current connections to the U.S. intelligence agencies. Some information was drawn from published accounts. In many instances, officials spoke only on the condition that they not be identified.

The 208 Committee meets periodically to determine which weapons will be shipped, which secret warehouse goods used and which middlemen will deliver them to clandestine airstrips. The committee sets budgets, goals and timetables for each operation, again with the CIA serving as the principal agent.

Members of the committee include Donald R. Fortier, deputy national security affairs adviser; Clair George, head of the CIA's clandestine service; Michael H. Armacost, undersecretary of state for political affairs; Fred C. Ikle, undersecretary of defense for policy; and Morton I. Abramowitz, head of the State Department's Bureau of Intelligence and Research. Mr. Abramowitz is also the U.S. envoy to the negotiations in Vienna on East-West troop reductions.

Regional experts are summoned as needed to serve on subcommittees, and decisions are ratified by the National Security Planning Group, consisting of the president and his key national security affairs advisers.

They have plenty to do, according to sources. Around the globe, the CIA's new activism can be seen in a number of ways other than its covert paramilitary role.

In Chad, the sources say, the agency helped engineer the rise to power of President Hissène Habré. In Liberia, it provided security assistance to President Samuel K. Doe. In Ethiopia, Suriname and Mauritius, it has dabbled in opposition politics.

The newest and most sensitive covert program targets Libya. Planners at the CIA and Pentagon are working with the opposition and with friendly nations in the region to destabilize the regime of Colonel Moamer Qadhafi, who has been denounced by the administration as a patron of international terrorism.

At its heart, the Reagan doctrine seeks an historic turnabout in which U.S. aid helps a new generation of national liberation struggles throw off what American conservatives call Soviet colonialism.

The policy, coincidentally, is similar to a Soviet doctrine unveiled a quarter-century ago. In 1960, the Soviet party leader, Nikita S. Khrushchev, warned the West that Moscow would provide military aid for "wars of national liberation" in the Third World, where colonial and leftist groups were struggling against colonial or pro-American regimes.

The use of an increasing number of undercover operations run by the CIA has drawn fire from conservatives and liberals in Congress worried that covert action with obscure U.S. objectives is becoming a substitute for a well-defined foreign policy.

Leaders of the House and Senate intelligence committees are pushing to openly discuss the secret diplomacy and are seeking to have a congressional majority in either body endorse or reject each paramilitary venture.

Much of the concern in Congress arises because covert paramilitary operations are initiated by the White House, which then informs the congressional oversight committees. Under law, the committees are powerless to halt the operations, and many members would like to absolve themselves from the appearance of consenting to such undertakings.

Over the last year, presidential rhetoric has elevated the U.S. commitment to these anti-Communist movements from moral and political backing to the resounding proclamation in Mr. Reagan's State of the Union message last month that the United States will support "with moral and material assistance your right not just to fight and die for freedom but to fight and win freedom."

Mr. Reagan, in a speech Feb. 26 justifying the administration's defense budget, used a map and arrows to point out pro-Soviet Marxist regimes around the world.

"We set out to show that the long string of governments falling under Communist domination was going to end," he said. "And we're doing it."

Despite this apparent escalation in administration commitment, there is still scant evidence that either the CIA or any branch of the armed services is gearing up to make a military victory possible through major U.S. support for any of these insurgencies, administration officials acknowledged.

Nor is there analytical support among many intelligence officers showing that military victories are likely in the conflicts despite the increased CIA presence.

Conservatives who fear there is no national policy behind the covert programs point to the inconsistency in supporting anti-Communist guerrillas in Angola, Nicaragua and Afghanistan while ignoring those in Mozambique and Ethiopia. In Mozambique, the Reagan administration is providing economic assistance to the Marxist government in hopes of wooing it away from Moscow.

But a senior administration official said that policy reflects a case-by-case analysis of how to best pursue U.S. interests. In countries where the United States has become involved in paramilitary operations, the administration is closely supervising them to ensure a continued "political purpose," he said.

This, officials said, was part of the impetus behind establishing the 208 Committee, to guarantee that the White House and State Department, and not the CIA, have ultimate control over secret diplomacy.

Some officials feel that such control is badly needed now because of Mr. Casey's enthusiasm for covert action.

Mr. Casey is criticized by his detractors as an inveterate wanderer. He is constantly on the move, plotting covert strategy with his station chiefs around the world, inspecting life at the front, interviewing defectors before he briefs Mr. Reagan on Soviet intentions. After five years on the job, he is considered to be more in control of his agency now than ever.

# Jacob K. Javits, Former Republican Senator, Dies

By Richard Pearson
*Washington Post Service*

WASHINGTON — Former Senator Jacob K. Javits, 81, a New York Republican who defined and personified the liberal wing of his party during the 24 years he served in the Senate, died Friday night in a hospital in West Palm Beach, Florida. He had a form of amytrophic lateral sclerosis, also known as Lou Gehrig's disease.

Mr. Javits had been taken to the hospital with breathing problems, a nursing supervisor said.

In the Senate, Mr. Javits was an authority on foreign affairs, a supporter of social welfare measures and an important leader in the fight for the landmark civil rights legislation adopted between 1957 and 1964.

After he left public office, though he was burdened by an illness that had left his body a husk, confined him to a wheelchair and forced him to take air through a portable respirator, his mind remained clear. With his remaining energy, he struggled to stay active.

"I was an active man, strong and in close touch with the world," he said in 1984. "I had to think about what to do," he said after contracting his illness, "and I decided I had to keep on as long as I could."

President Ronald Reagan praised Mr. Javits' "remarkable courage" in his battle against the crippling disease.

"Throughout his many years in the Senate, Jacob Javits was known for his intellect, for his integrity, for his dedication to the people of New York and the nation and for the sheer joy he took in every day of his work," Mr. Reagan said. "Jacob Javits remained to the end a man in love with life."

Mr. Javits came to Capitol Hill in 1947 as a member of the House of Representatives. From 1955 to 1957, he was attorney general of New York. He then was elected to the Senate. When he left in 1981, he had served in that body longer than any other New Yorker.

He was the ranking Republican on the Foreign Relations and the Labor and Human Resources committees and was a senior member of the Joint Economic and Government Operations committees.

His authority transcended his assignments. He liked to refer to himself as "a Senate man," a term that connoted not only a special respect for the powers and privileges of that institution but also a determination to occupy a special place in it. He had the qualities — loyalty, a sense of fairness and a capacity for hard work, among others — to be a man of the Senate, and his colleagues accorded him a special standing.

So did their staffs. In a poll of Capitol Hill aides conducted by Congress Watch, a Ralph Nader organization, this Jewish, liberal Republican — a rare combination in Senate terms — was voted the brightest and second most influential member.

In his 1981 autobiography, "Javits: The Life of a Public Man," he wrote:

"The achievement that gave me the greatest satisfaction in the labor field is the Pension Reform Act of 1974." The act regulates private pension plans for an estimated 30 million workers and requires that they be funded and viable. Mr. Javits drafted the law and fought for it for seven years before it was adopted.

In the House, he was a member of the Foreign Affairs Committee, and in 1969 he won a long-coveted seat on the Senate Foreign Relations Committee. He became one its most articulate and best-known members and he used it as a forum for his growing opposition to the Vietnam War.

In his memoirs, he said he initially favored the effort in Vietnam and that he did not change his position until 1967. Two years later, he and his wife, Marian, were tear-gassed while watching an antiwar demonstration in Washington. By 1970, he was addressing antiwar rallies.

He worked for the successful passage of what became known as the Cooper-Church amendment; it barred funds for military operations in Cambodia.

Mr. Javits saw a larger question than the war itself: the increasing use of war powers by the president without consulting Congress. The result was the War Powers Act.

■ *Other deaths:*

**Moses Mabhida**, 62, who organized trade unions and boycotts in a lifelong struggle for black workers' rights in South Africa and was a leader of the South African Communist Party, Saturday of a heart attack in Maputo, Mozambique.

**Albert L. Lehninger**, 69, professor of Medical Science at Johns Hopkins University and author of a widely used text in biochemistry, after a long illness, Tuesday in Baltimore.

**Ayatollah Morteza Haeri**, 72, a teacher for 25 years at the Qom, Iran, school of theology, in Qom, radio Tehran reported Thursday.

**William H. Marriott**, 77, the founder and former publisher of Family Weekly magazine, Wednesday of cancer in Laguna Hills, California.

**Helmut Thielicke**, 77, one of West Germany's leading Protestant theologians, Thursday in Hamburg.

# Compromise Sought on 'Contra' Aid

## White House, Congress May Tie Funds to Managua Talks

By Bernard Weinraub
*New York Times Service*

WASHINGTON — The Reagan administration, facing a potential defeat in Congress of its $100-million aid proposal for rebels fighting the Nicaraguan government, has quietly begun negotiations with Capitol Hill to work out a compromise.

Reports that the administration is exploring a compromise came as it continued an intense public campaign to win support for the program. On Saturday, for instance, President Ronald Reagan devoted his weekly radio address to the issue.

Administration and legislative officials said one compromise under discussion would delay military aid to the rebels for several months while efforts were made to open talks with the Nicaraguan government. If Nicaragua failed to negotiate with the rebels, the money would be released.

Senator Jim Sasser of Tennessee, a sponsor of a measure to place military aid for the rebels in escrow for six months while talks are attempted, said Saturday that he met Friday with Elliott Abrams, assistant secretary of state for inter-American affairs, to discuss the administration's $100-million aid proposal.

The plan includes $70 million in military assistance for the rebels, called "contras," who are fighting the Sandinist government.

"I think they're smelling defeat on the question of direct aid to the contras, and it appears to me that they're now starting to feel around for a compromise position that might be acceptable to all sides," said Mr. Sasser, a Democrat.

He said that Mr. Abrams "expressed reservations" about a six-month delay, "but didn't categorically reject it."

"There's no doubt that they're looking in the direction of a compromise," said Mr. Sasser, who also spoke Saturday with State Department officials and who plans to meet on Monday, at the request of the White House, with Philip C. Habib, Mr. Reagan's new special envoy to Central America.

Administration officials indicated Saturday that a six-month delay would be too long, but that some shorter time might be acceptable. They were optimistic that undecided Democrats in the House and Senate could be persuaded to support the White House by a compromise involving military aid going to the rebels only if negotiations failed first.

By the end of last week, five House committees had voted on Mr. Reagan's aid proposal, and four of them had rejected it. The House, controlled by Democrats, is tentatively scheduled to vote March 19, and the Senate will vote shortly after that.

In his radio speech Saturday, Mr. Reagan challenged Congress to "stand up for freedom and America's security." He said the rebels needed U.S. military aid because "without power, diplomacy will be without leverage."

# Comet Probe Succeeds Despite Dust

By Celestine Bohlen
*Washington Post Service*

MOSCOW — A second Soviet spacecraft passed near Halley's comet Sunday, bringing electronic cameras and investigative instruments 500 miles (800 kilometers) closer to the comet's core.

Vega-2's power system was crippled as dust particles battered its solar panels and caused damage to some instruments on board.

But the spacecraft still came within 5,060 miles of the comet and was able to send back electronic images to a Soviet space research center in Moscow.

Dust caused similar damage to the Vega-1 spacecraft as it spun past Halley's comet Thursday. But Vega-1's power supply was stabilized after scientists reduced demands on the system.

Scientists gathered at the Soviet Institute for Space Research for Sunday's transmissions said the pictures were not clear enough to form instant conclusions about the shape of the comet's nucleus.

The Vega-1 probe has effectively confirmed theories that comets have a solid center, but scientists are still debating how the nucleus is formed and even whether there are two. According to a Soviet scientist and commentator, Piotr I. Kapitsa, the nucleus may be shaped like a dumbbell, hence the suspicion of two nuclei.

A cosmic ray or a dust particle knocked out the microprocessor system monitoring the exposure for the camera system on board Vega-2, causing the images to be slightly overexposed, scientists said. But they were hopeful that the image could be recovered later electronically.

Roald Z. Sagdeyev, head of the space research institute and chief of the project, described the comet as a cocoon, with "a solid body and soft dust blanket, a few hundred meters thick and completely opaque."

"Most people think it is one of irregular shape, but so far we don't see the details," said Mr. Sagdeyev.

### ■ Japanese Probe Passes

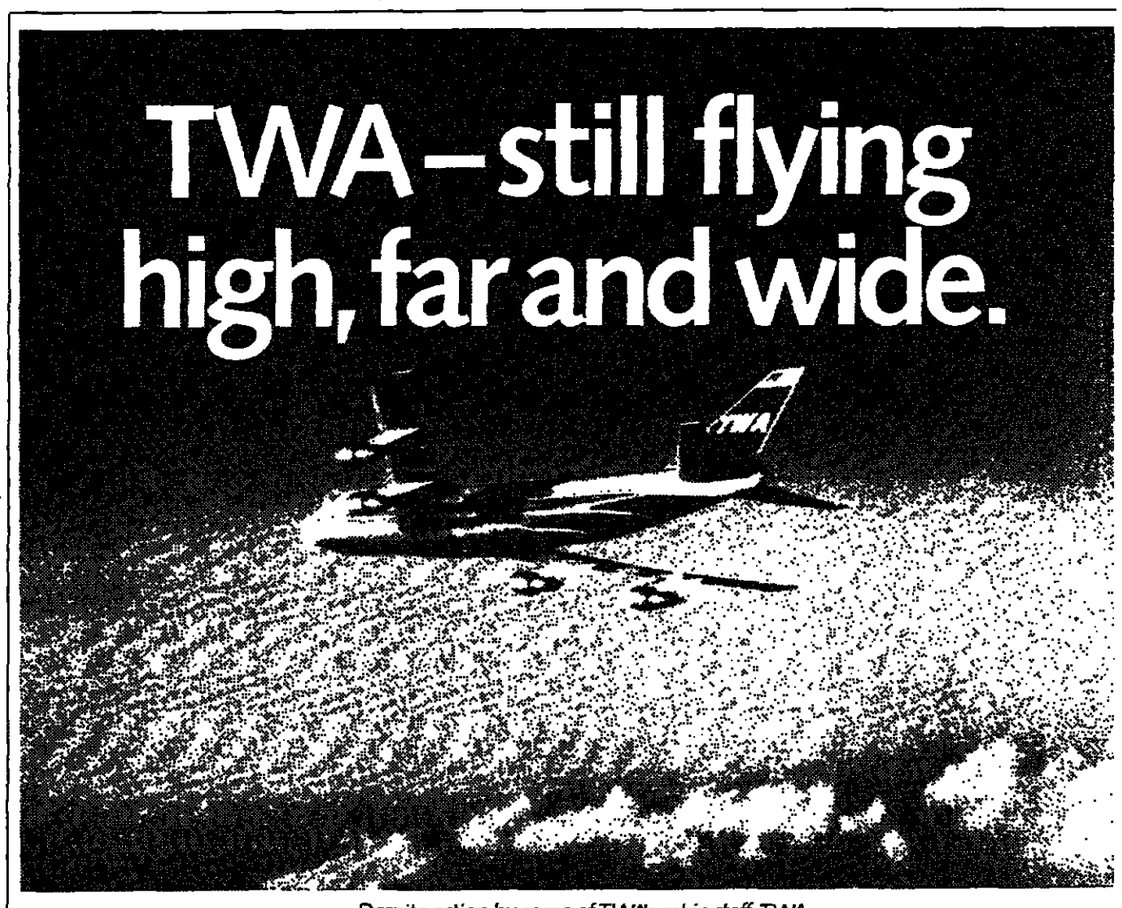
A Japanese space probe swept by Halley's comet at distance of 93,000 miles and was sending back data Sunday on the gas cloud that surrounds its core, space officials said, United Press International reported from Tokyo.

The satellite, named Suisei, raced past the comet about 81 million miles from Earth, transmitting a stream of radio data back home, the officials said.

### ■ Comet Is Warm

The surface of Halley's comet is a surprisingly balmy 29 degrees centigrade (85 degrees Fahrenheit) even though the comet is largely made up of ice, according to data from Vega-1, the Los Angeles Times reported from Los Angeles.

Data from the probe also indicates that the icy core of the nucleus is about three miles in diameter, surrounded by a deep layer of dust. The warm temperature is thought to be caused by solar radiation.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The International Herald Tribune is owned jointly by the New York Times Company, the Washington Post Company and Whitney Communications Company. It is currently distributed in 164 countries around the world. In recent years it has enjoyed record growth in both circulation, currently at over 168,000 copies per day —up 29% in five years —and advertising revenues, which reached $32,600,000 in 1985, a gain of 34% over 1984.

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صورة من الأصل

# Waldheim Calls Accusations 'Grotesque'

*Reuters*

VIENNA — Kurt Waldheim, the former secretary-general of the United Nations, vehemently denied all allegations that he has a Nazi past and accused The New York Times on Sunday of spreading "the most grotesque" stories about him.

"I was a member of neither the Brownshirts nor the student federation," Mr. Waldheim said in an interview on Austrian television.

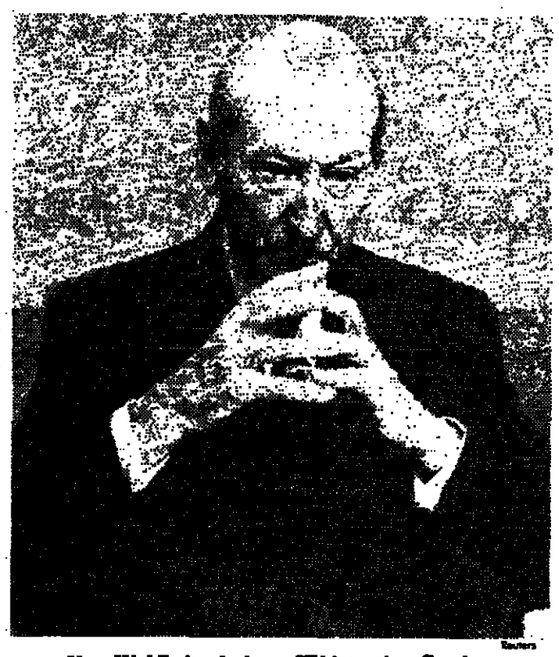
"This is a most deliberate smear campaign against me of a kind unprecedented in Austria's postwar history," he said in a voice trembling with emotion. "All these allegations are untrue."

The New York Times last week identified documents that indicated that Mr. Waldheim, who is a candidate for the Austrian presidency, had belonged to the two Nazi groups.

The newspaper quoted Mr. Waldheim as saying in an interview that he had taken part in some activities of the two groups but had never considered himself a member.

The Times also said Mr. Waldheim was attached to a German Army command that fought brutal campaigns against Yugoslav partisans and engaged in mass deportations of Greek Jews.

On Sunday, Mr. Waldheim categorically denied ever being a member of a Nazi group or ever taking part in, or knowing about, atrocities committed by the units he served with in the Balkans.



Reuters

**Kurt Waldheim during a TV interview Sunday.**

"I must say once and for all that I am sick of being told I am not telling the truth," he said. "I shall take every step against such slander if it carries on."

He added: "I am gradually getting tired of constantly having things imputed to me that are not true and of people apparently being more prepared to believe others — The New York Times, for example, which has spread the most grotesque things about me — than the man who has served his country faithfully for 40 years."

Mr. Waldheim said he had been checked by the secret services of all major powers before he became UN secretary-general in 1972, and he asked how they would not have passed him for the post if he had been found to have "a single brown spot."

He said the campaign on his alleged past had been prepared for months in advance in Austria and been publicized abroad in order to undermine his international credibility and damage his chances for election as president on May 4. He is a candidate of the conservative opposition People's Party.

The documents produced by The New York Times and by the independent Austrian magazine Profil indicated that Mr. Waldheim, as a 20-year-old, had joined a Nazi student federation on April 1, 1938, and the following Nov. 11 had entered the Sturmabteilung, or SA, a Nazi paramilitary organization known as the Brownshirts.

Mr. Waldheim said Sunday that the first entry could well be an April Fool's joke, as it would have been impossible for a known anti-Nazi to be admitted to the Nazi student group only two weeks after Austria's annexation to Germany.

The second entry, he said, could have been caused by bureaucratic sloppiness after he had gone riding with a club later absorbed into the SA.

# *Soares, in Inaugural Speech, Vows to Seek Stability*

*United Press International*

LISBON — Mário Soares took the oath of office Sunday as Portugal's first civilian president in more than 60 years, and he pledged to work for political stability.

"I will be the president of all the Portuguese, not only of those who elected me," Mr. Soares, a Socialist, told members of the Assembly of the Republic, or parliament.

Voters split almost evenly along left-right lines during the campaign that led to his election on Feb. 16.

Mr. Soares, 61, who has been prime minister three times, was sworn in to a five-year mandate at São Bento Palace before members of the assembly and of the government.

Representatives of 30 foreign countries attended, including President François Mitterrand of France, Prime Minister Felipe González of Spain and the U.S. vice president, George Bush.

In his inaugural address, Mr. Soares pledged to work with the minority government of Prime Minister Aníbal Cavaco Silva.

Mr. Cavaco Silva, a Social Democrat, led a right-of-center coalition to victory in legislative elections Oct. 6. Those elections were called after he withdrew from a Socialist-led government in June, citing disagreements over economic policy. This forced Mr. Soares to resign as prime minister.

Reuters

**Mário Soares, right, taking the presidential oath on Sunday. Administering it is Fernando Amaral, the assembly speaker; at left is António Ramalho Eanes, the outgoing president.**

"I will do everything to guarantee political and institutional stability in accord with the responsibilities conferred on me by the Portuguese," Mr. Soares said Sunday.

In becoming the country's first civilian head of state since 1925, Mr. Soares replaced General António Ramalho Eanes, who was barred by the constitution from a third consecutive mandate.

# Lobbyists Flock to Spain as Vote on NATO Nears

By Edward Schumacher
*New York Times Service*

MADRID — Spain has become an arena for intense international lobbying by Americans, Russians and West Europeans of various political parties who are trying to influence the outcome of a referendum Wednesday on whether the country should remain in the North Atlantic Treaty Organization.

The Socialist government of Prime Minister Felipe González is campaigning to keep Spain in NATO. But Mr. González said Thursday that he was worried by polls indicating that the majority of voters favored pulling out.

The campaign has attracted a steady parade of European pacifist leaders who urge that Spain become the first NATO member to leave the organization.

"This is the first time that the people of a European country have the opportunity to give their opinion on a matter so important as integration in the Atlantic alliance," said Tony Benn, a member of Britain's Labor Party, at a news conference.

Petra Kelly, a deputy in the West German Greens party, appeared Friday at a news conference with a retired Portuguese admiral and a retired Italian general who said that NATO membership meant subjugation to the United States.

Three weeks ago, a spokesman for the Soviet Embassy in Madrid renewed Moscow's old offer not to aim nuclear missiles at Spain if no nuclear weapons are stored there.

Nuclear weapons are banned in Spain, and the ban is included in the referendum question as a condition for staying in NATO. The Soviet offer was viewed as an attempt to play on a popular Spanish fear that the United States secretly stores such weapons here.

American, West European and NATO officials have said in recent interviews that a Spanish withdrawal from NATO would weaken the alliance militarily and have severe political repercussions.

The officials said they feared that a withdrawal would set a precedent for other shaky NATO members, such as Greece, and upset Western unity at a time when the United States is holding arms control talks with the Soviet Union.

The governments of the United States, West Germany, Italy, Belgium and the Netherlands had counseled Mr. González not to hold the referendum, Spanish officials said.

But Mr. González had taken a stand against NATO membership in campaigning for office in 1982, the year the previous government enlisted Spain in the alliance. Holding the referendum was one of his campaign promises.

The Reagan administration agreed in December to make unspecified cuts in the 12,500 American troops who are stationed in Spain under a treaty between the two nations.

The referendum question includes the troop reduction as a condition for staying in the alliance, even though the troops have nothing to do with NATO.

In a break with diplomatic protocol, West German officials took advantage of a state visit last week by King Juan Carlos I to urge Spaniards to stay in NATO.

Remarks by Chancellor Helmut Kohl were a reminder that many West European governments linked Spain's entry into the European Community in January to its NATO membership.

# *Europeans Reject Armed Action Against Terrorism*

(Continued from Page 1)

20 percent of the French, 16 percent of the British and 15 percent of the West Germans said it would.

Blame for terrorism fell heavily on Libya and the PLO, with roughly three respondents in five listing them as a source of terrorism. In France, Iran was also mentioned that frequently, and two-fifths of the French also listed Syria.

The only other sources of terrorism to receive nearly as much mention were domestic groups, such as the Irish Republican Army, cited by 59 percent of the British; the Red Army Faction, cited by 53 percent of the West Germans; and Direct Action, named by 50 percent of the French.

Israel was cited as a source of terrorism by a third of the British and French and a fifth of the West Germans.

A striking difference among the three countries was the extent to which they blamed the United States and the Soviet Union for terrorism.

The British were about as likely to blame one superpower as the other. Eighteen percent of the British blamed the Soviet Union or its intelligence services for terrorism, while 16 percent blamed the United States or the Central Intelligence Agency.

The French were far more likely to blame Soviet than U.S. authorities, by 31 percent to 18 percent. Only 7 percent of the West Germans blamed the United States for terrorism, while 20 percent named the Soviet Union.

Almost every measure in the survey suggested that the United States would find little support in Europe if it made military action a regular response to terrorism.

The respondents were asked: "If the United States took military action against those responsible every time a terrorist attack affected Americans, do you think this would reduce international terrorism, or would it only make things worse?"

Opposition was strongest in Britain, where only 17 percent said American military action would reduce terrorism, while 64 percent said it would make things worse. In West Germany, 22 percent said they supported U.S. military action and 45 percent said they did not.

In France, 27 percent said they thought U.S. military action would help fight terrorism; 44 percent said it would not.

Another question underlined the deep differences between Western Europeans and Americans on the issue of military action. Respondents were given a list of five possible actions against terrorism, including two military options — one against the terrorists themselves, the other against countries that supported terrorism.

In the Times-CBS News Poll in January, 56 percent of Americans favored military action against either or both of those targets. But in Britain, only 36 percent favored such action, as did 31 percent in France and 27 percent in West Germany.

## *Survey Methods*

*New York Times Service*

The New York Times poll in Europe was coordinated by Market and Opinion Research International of London.

A total of 1,951 interviews were conducted in Britain, excluding Northern Ireland, from Feb. 8 to 12; 994 people were interviewed in France from Feb. 7 to 21; and 2,007 people were in West Germany from Feb. 1 to 10.

The interviews were conducted in Britain by Market and Opinion Research International, in France by the Institut de Sondages Lavialle of Lyon, and in West Germany by the Sample Institut of Mölln.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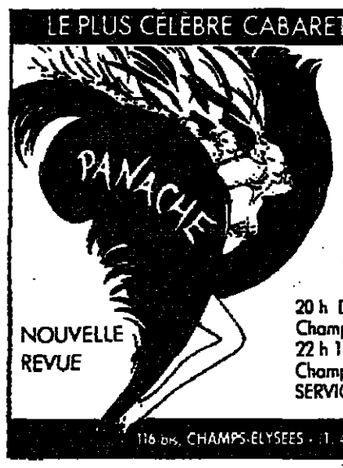


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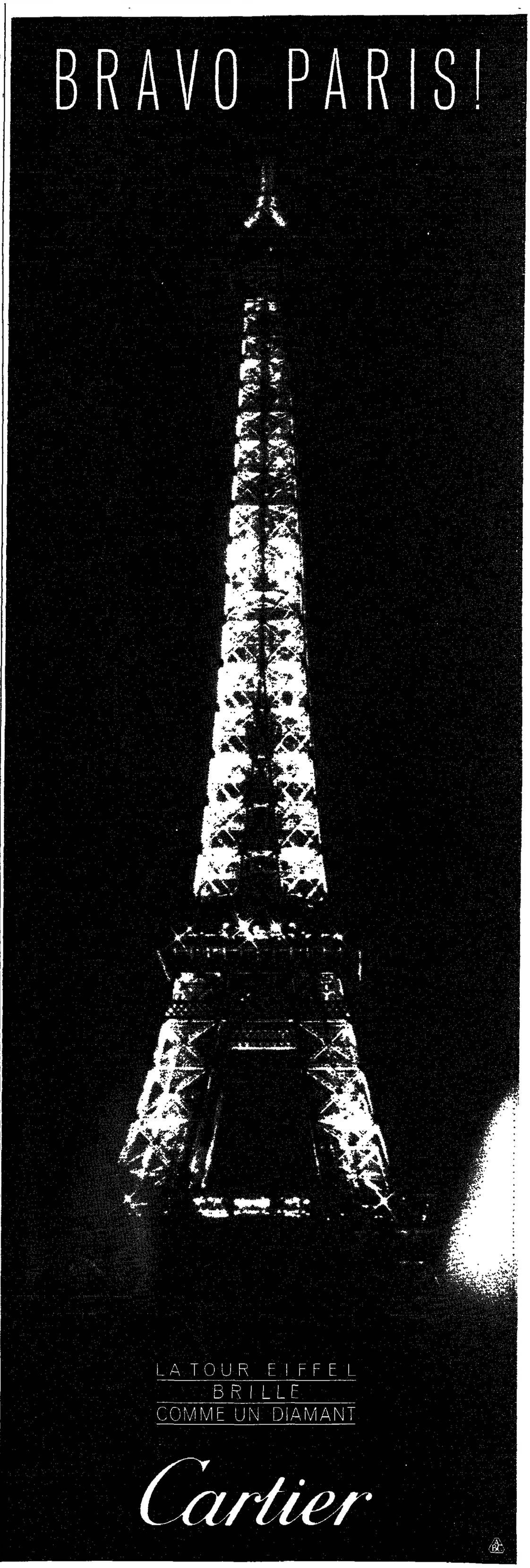

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# Ugandans Capture Last Opposition Stronghold

By Blaine Harden
*Washington Post Service*

NAIROBI — The Ugandan Army has captured the last remaining stronghold of the previous military government, the new administration said Sunday.

The taking of the northern town of Gulu, where 5,000 soldiers loyal to the former government were believed to have assembled to make a last stand, gave President Yoweri Museveni's National Resistance Army, which took over the government in late January, control of nearly all of Uganda.

Radio Uganda reported Sunday that the National Resistance Army overran Gulu on Saturday after three hours of heavy fighting. It gave no casualty figures.

The victory at Gulu was a major achievement in President Museveni's five-week march north from Kampala.

That march, in a country ravaged for nearly two decades by north-south tribal hatreds, has been remarkable in that Mr. Museveni's southern-based government has garnered the support of many northern Ugandans even as his troops have routed former government forces, almost all of whom are members of northern tribes.

The reason behind Mr. Museveni's success in the traditionally hostile north reportedly has been the disciplined behavior of his soldiers. Troops loyal to the former government looted scores of towns, killed several hundred civilians and burned crops as they fled Mr. Museveni.

Mr. Museveni's army, by contrast, was under orders to protect the property and lives of civilians. The president said his standing order to his troops was, "You kill a civilian, we kill you."

Western diplomats in Kampala said that, for the most part, his troops had followed orders and behaved well in victory.

The commander of the former government troops, Lieutenant General Basilio Olaro Okello, had vowed to make his last stand in Gulu, the capital of his Acholi tribal homeland. To that end, General Okello reportedly had assembled 5,000 troops and a large quantity of artillery.

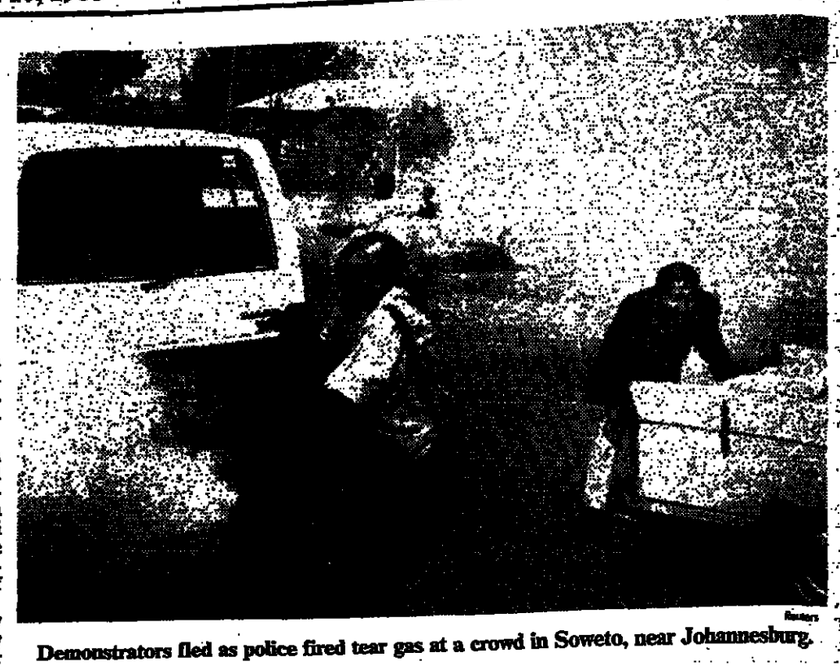
Western diplomats in Kampala said that before Mr. Museveni's capture of the capital, General Okello had ordered the transport of a large cache of arms and ammunition north to Gulu.

There was no word Sunday on the fate of General Okello, who was the second in command in the short-lived military regime that came to power last July when it toppled the government of President Milton Obote. Officials in Mr. Museveni's government have said that General Okello, if captured, will be tried by a special human-rights tribunal on charges of genocide.

During the early 1980s, General Okello was in charge of Obote government troops in the Luwero Triangle area north of Kampala, where tens of thousands of civilians reportedly were killed by government soldiers in retaliation for National Resistance Army rebel attacks.

In the past month, Mr. Museveni himself has conducted press tours of mass graves uncovered in the area.

The town of Gulu is only 60 miles (about 100 kilometers) south of the Ugandan border with Sudan, and former government troops fleeing Mr. Museveni's forces are believed likely to try to regroup in Sudan.



Reuters

Demonstrators fled as police fired tear gas at a crowd in Soweto, near Johannesburg.

# 4 Deaths Shatter Calm in South Africa

*The Associated Press*

JOHANNESBURG — A black girl and a black man died after police opened fire to disperse crowds throwing rocks and firebombs, and two other blacks were killed in apparent revenge attacks, police said Sunday.

A police summary of overnight incidents showed a jump in violence after two relatively quiet days following the lifting Friday of a seven-month state of emergency.

Police also said they had arrested a white woman in connection with three bombings, including two at police stations in the past week.

A police spokesman in Pretoria said police officers found three limpet mines while arresting the woman. They refused to give the woman's name.

A limpet mine exploded Tuesday in Johannesburg's main police station, slightly injuring two police officers and two civilians, police said. On Friday, police safely detonated a limpet mine planted in a police station in a Johannesburg residential neighborhood.

On Saturday, the South African Press Association reported that South Africa, spurred by an international arms embargo, had designed and manufactured its own attack helicopter.

The news agency said it had been shown a prototype of the helicopter at Atlas Aircraft Corp. in Johannesburg, and said it would go on public display March 19.

"Although some technical details have been revealed, little is known about its operational capabilities, performance, range or unit cost," the news agency said.

# *Pretoria Pins Hopes on New Agenda*

## But Statistics Belie Moves to Ease Stigma of Confrontation

By Alan Cowell
*New York Times Service*

JOHANNESBURG — In its 18 months of harshness and confrontation, violence in South Africa has bred a new kind of arithmetic — the statistics of loss.

Thus, in clinical terms that do not mask the misery and suffering, the statistics say that from January to July 20, 1985, an average of 1.6 persons died each day in the nation's turmoil. Then, after the imposition July 21 of the state-of-emergency decree that was lifted Friday, the average became 3.22. In the first two months of 1986, according to the South African Institute of Race Relations, the bloodshed rose to 3.6 killings a day.

Most of the 1,150 people slain since September 1984 have been black, and two-thirds of them, by official count, were shot by government forces.

The figures seem to lead to their own conclusions and questions.

For one thing, they seem to sustain the argument advanced by the government's critics that the emergency decree, although intended to curb violence by giving the police and the army unchallengeable powers, seemed only to spawn more bloodshed.

The inference is that the authorities' effort to stifle black protest has failed. Yet, in announcing last week that the emergency decree was to end, President Pieter W. Botha made it clear that it would be replaced by a tightening of already harsh security legislation, suggesting that the white minority rulers still see force as a solution to their problems.

But that, too, seems to beg its own question: Why, if the police and army are to remain in the black townships, bolstered by as-yet-undefined new legal powers, was it considered necessary to lift the emergency decree?

The answer seems to lie in what is emerging as a kind of agenda the authorities have drawn up of measures supposed to erase the international stigma born of the nation's confrontation and, possibly, to seek to undercut black radicals by offering signs of conciliation to blacks considered moderate.

Moreover, the measures seem designed to justify a lessening of public hostility by traditional partners

**NEWS ANALYSIS**

such as the United States and Britain, whose friendship is central to South Africa's self-image as a part of Western society.

In South Africa, as elsewhere, each item on the agenda has a price tag supposed to ensure that nothing is given away.

For example, on Jan. 31, Mr. Botha offered to release Nelson Mandela, the imprisoned leader of the outlawed African National Congress.

But that offer was made conditional on the release of a South African soldier held in Angola and of two Soviet dissidents, Andrei D. Sakharov and Anatoli B. Shcharansky. Mr. Shcharansky since has been freed in a prisoner exchange with the Western allies.

The onus for Mr. Mandela's continued imprisonment therefore was shifted away in South African eyes, not only from Mr. Mandela himself — he had been offered conditional freedom in the past — but also from the South African authorities.

Then, in the same period, Mr. Botha offered limited racial changes billed as the start of power sharing. But that offer, too, seemed limited to those blacks prepared, in the eyes of radicals, to collaborate with the authorities in creating a form of neo-apartheid, entrenching white privilege.

The offers continued with a proposal last week that South-West Africa, which is controlled by South Africa, should begin its long-delayed accession to independence on Aug. 1. But that, too, had a high price, for the offer was made conditional on the withdrawal of Cuban soldiers from Angola.

The onus, again, was supposed to shift to others.

If there has been a common strand to the South African agenda, it has been to present a revised image to Western nations and creditor banks, intended to stave off the threat of tightened sanctions, deeper isolation and ostracism by Western credit markets.

International confidence in the nation's economy has been badly dented by a freeze last year on debt repayments after international banks severed credit lines, and by omens such as a recent decision by Barclay's Bank in London not to extend further loans to South Africa. The bankers acted because of the clear reluctance of the South African authorities to embark on major changes.

The country's white rulers, thus, seem to feel a need to remodel their image in foreign eyes, while seeking maximum political gain from the gestures they offer in pursuit of that goal.

At the same time, the authorities' assessment that unrest has eased sufficiently to justify lifting the state of emergency seems to contradict both the statistics of killing and the impression reporters have gained of some black residential areas.

The nation's segregated black townships remain tense, some of them seeking to make themselves totally ungovernable by the white authorities, and prone still to protest, bloodshed, internecine feuding and actions such as boycotts of white-owned shops in nearby white-run towns.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# Buyers' Question: What About the Dollar?

By Hebe Dorsey
*International Herald Tribune*

MILAN — As the fall-winter ready-to-wear collections open in Milan, the question is: How will the drop of the dollar affect the fashion market?

American retailers are worried. "We're going to have to edit the collections much more carefully," said Dawn Mello, president of Bergdorf-Goodman, who has promoted Italian designers heavily.

"It's easy to get carried away while we're here by the emotion of seeing beautiful clothes," she added. "But as prices will go up, we want to be sure to give our customers the best possible value for their money."

"Bad," was the summary of prospects put forth by Franca Bini of British-American Tobacco, which owns Saks Fifth Avenue, among others. "We'll spend the same amount of money but we'll get less goods."

Others were more optimistic. Alan Grosman, senior vice president of Saks Fifth Avenue, said: "We've had strong seasons with a weak dollar. The designers who offer good value will bear the prices. The others won't."

Rosemary Audia, merchandise manager at Bloomingdale's, said, "The designer customer won't be affected. What's the difference between a $1,200 jacket and a $1,000 jacket? What's going to suffer is the contemporary, more modern end of the market.

"As buyers," she added, "we'll simply have to be more selective. Things can't be just nice. They have to be special."

*Suzy Feldman, owner of Suzy, a boutique in Great Neck, New York, said, "The hysterics will die down, and by the time the clothes reach the stores, the customer will have adjusted."*

Indeed, for Feldman, the dollar's decline has a good side: "The weaker dollar will discourage our customers from coming to Europe and buying directly," she said.

*At the selling end, Versace, for one, was not worried. "It won't affect us because we have our own boutiques — 15 of them — all over the United States," he said. "These boutiques simply have to be stocked with our merchandise."*

Peter Dubow, vice president of Genny and Byblos USA, two lines belonging to the Girondelli group, said: "After two days of sale, we haven't been affected. It's a matter of quality. When collections are strong, we find that the increase in price isn't that important."

In short, it looks like the top end of the market will not really suffer. Those used to the best will always pay the price, however grudgingly. But medium-priced, less focused collections will definitely be in trouble.

At the shows themselves, the designers have been taking themselves very seriously, as illustrated by security. At Krizia, the checkpoint included armed, uniformed guards and women at computers to check in viewers.

The fashions, too, displayed this note of seriousness, with designers increasingly lured by a sort of *nouvelle-couture* image — partly, perhaps, to justify skyrocketing prices, but maybe also to capture an untapped clientele.

The collections of both Versace and Krizia were more elaborate and grown-up than ever, and they were staged with a Broadway-musical, money-is-no-object hand. The sudden, if not always successful, foray into evening wear seemed to reflect these designers' aspirations to emulate Paris.

Milan's strength, however, remains its de luxe sportswear, whose success is rooted in the excellence of the fabrics.

Versace, the most adventurous of Milan designers, is still courting the body with snugly fitting dresses. Some of them, made of stretch silks, literally hugged the body. A thin silhouette was best expressed by long, slim jersey tunics over short skirts.

Shaped coats and jackets also followed the lines of the body. Strong but arched shoulders, well defined waist and accented hips made for a provocative and fully blown silhouette.

Although the basic colors were black and gray, Versace brightened his palette with strident blues and greens as well as a poppy red that looked remarkably good in a group of shearling coats.

Versace's best suit was a peplum one, over short, tiered skirts. He showed op-art motifs in printed flannels as well as elaborately embroidered silver-and-black evening dresses.

Krizia's designer, Mariuccia Mandelli, had a terrific beginning with the best big coats in Milan over mohair sweaters and leather pants.

Suits looked better than dresses, especially the slim dresses, their hips heavily sashed with both fabric and leather belts. Long satin evening sheaths looked like what dowagers might wear at the Salzburg music festival.

On the whole, these are overwhelming clothes, not easy to carry, but if worn on tall and rangy girls they should look wonderful.

Minor Milan houses such as Ghinea and Romeo Gigli also showed this weekend.

Both offered younger fashions at lower prices, even if Ghinea, which produces Montana's knitwear, was clearly below Montana standards. Gigli, meanwhile, was under the spell of the Japanese. This kind of house is for buyers who have their eyes solidly glued to the cash register.

At the Milan show, an example of Versace's snug fit.

MILAN FASHION

## 7 Are Killed in Colombia In Pre-Election Violence

*The Associated Press*

BOGOTA — Clashes between leftists and police and a bomb tossed into a restaurant killed seven persons on the eve of elections Sunday for the National Assembly and for local councils, police said. The government placed the army on a state of alert and reservists were called up for duty.

In Turbo, northwestern Colombia, leftists threw a bomb Friday into a diner, killing a policeman and a civilian, police said Saturday. In Bogotá, two guerrillas were killed in an abortive kidnapping, and in Arauca, near the Venezuelan border, two guerrillas and a policeman were killed in a rebel ambush, police said.

# Tass Assails U.S. Order To Cut Staff At UN Office

(Continued from Page 1)

Among the steps that can be taken is expulsion of the individual.

Even if the United Nations determines that the American decision is illegal, there is nothing it can do to stop it, according to legal experts. There is no provision in the agreements on what a member state can do to prevent an expulsion.

Richard C. Hottelet, a spokesman for the U.S. Mission, said: "The Headquarters Agreement says that there shall be no United States interference except on matters relating to national security."

The fundamental justification for the U.S. decision is national security, he said.

Administration officials acknowledged that the action could result in Soviet retaliation or in delaying the next meeting between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader. But the officials said the United States was eager to limit the impact.

"The size of the UN missions is not connected to U.S.-Soviet bilateral relations," a State Department spokesman said. "We look forward to improving our efforts to build on the results of last November's Geneva summit. There is no reason why this action should affect the prospects for the next summit."

Mr. Gorbachev recently has linked progress in the Geneva arms talks to a visit to the United States and Mr. Reagan last week threatened to cancel a proposed reciprocal summit meeting in the Soviet Union in 1987 if Mr. Gorbachev does not visit the United States.

## Arms Negotiator Named Soviet Envoy to Bonn

*Reuters*

MOSCOW — Yuli A. Kvitsinsky, one of the three Soviet negotiators at the Geneva arms talks, will be Moscow's next ambassador to Bonn, replacing Vladimir S. Semyonov, who is to retire, a spokesman for the Communist Party Central Committee said Saturday.

It was unclear who would replace Mr. Kvitsinsky, 49, or what the impact on the arms talks would be. Before his appointment as an arms negotiator in 1981, Mr. Kvitsinsky worked as minister counselor, or the No. 2 man, in the Soviet Embassy at Bonn.

# TWA Cuts Fares to Counter Strike

*The Associated Press*

WASHINGTON — The union representing flight attendants on strike against Trans World Airlines said Sunday it was waiting for the company to return to the bargaining table, while the airline cut fares by up to 30 percent in an effort to keep its customers.

The union said that the 10,000 machinists who maintain TWA's airplanes were not crossing picket lines, but the company disputed that claim and also said supervisors were helping to keep the aircraft in shape.

The sixth-largest U.S. carrier canceled half its flights Friday when the 6,000-member Independent Federation of Flight Attendants went on strike. But it added some flights Sunday.

"We have made the management and the federal mediating team aware that our negotiating committee is available to meet with them when they wish," a union spokesman, John Crouthamel, said Sunday in Kansas City, Missouri.

He said the offer to resume talks was made Saturday but that no reply had been received.

On Sunday, TWA cut fares 30 percent for flights leaving from U.S. airports between March 7 and March 27, and 20 percent for flights between March 28 and the end of the year. The tickets must be bought by March 27 to qualify for either discount.

"Basically, we want to let our passengers know that we are flying," said Larry Hilliard, a TWA spokesman. "We're going to keep the customers we have. We don't want them straying off to our competition."

The flight attendants struck over demands for wage and benefit concessions from TWA. The airline reported a loss of $193.1 million last year under pressure from low-cost competitors and declining traffic.

TWA won concessions earlier this year from its 5,000 pilots, who signed a no-strike contract and gave up 34 percent of their wages and benefits.

# Remains of Shuttle Crew Are Found

(Continued from Page 1)

ation. We will not launch again until safety-related issues have been properly addressed throughout the total NASA system."

Mr. Young's complaints come amid signs of growing anger among astronauts over NASA's handling of safety problems. Sally K. Ride, an astronaut who is a member of the presidential panel investigating the explosion of the shuttle Challenger, said Thursday that she was "not ready to fly again" because of disclosures before the commission.

Another astronaut, Henry W. Hartsfield, said Monday that he was "very upset" that the space agency's management had not told him or other astronauts of chronic problems with the seals on the solid-fuel booster rockets. Failure of one of these seals has emerged as the chief suspect in the explosion.

In his memorandum, Mr. Young questioned the management system that permitted the launching despite problems with the design of the seal.

"There is only one driving reason that such a potentially dangerous system would ever be allowed to fly — launch schedule pressure," he said.

He said that as the pace of launchings picked up, there would be hazardous conditions under which "management will still want to go fly."

"These accepted conditions could have been or are now potentially as catastrophic to the space shuttle program as the 51-L accident." The crashed shuttle, the 25th flight, was designated 51-L by NASA.

"By whatever management method is takes, we must make flight safety first," he wrote. "People being responsible for making flight safety first when the launch schedule is first cannot possibly make flight safety first no matter what they say.

"The enclosure shows that these goals have always been opposite ones. It also shows overall flight safety does not win in these cases. Flight safety, to be safe, has to have real teeth in it. It will not be free. For starters, we should not allow any increase in the inherent risk of operating the space shuttle just to increase the launch rate, or reduce operating costs, or fly unsafe payloads."

Mr. Young listed several "potentially dangerous examples" that he said were accepted for the same reasons as the questionable seals.

"You will note that many of these potentially serious conditions were discovered after we started operating. On an individual basis, they were not big enough to slow or stop the launch rates. But totally this list is awesome."

For example, he complained about the handling of last August's launching of the Challenger amid turbulence and rain.

Also, in late 1984, questions arose about four valves between the shuttle and the giant external tank that holds the shuttle's liquid fuel on launching.

Last October, on a launching of the Challenger, he said the craft's maneuvering jets locked. While backup systems were used, Mr. Young said, failure of those other systems might have led to loss of the vehicle and crew.

# Kidnappings Spark French Political Crisis

(Continued from Page 1)

one week. The deadline coincides with the French elections next Sunday.

The only French representative who has managed to contact Islamic Jihad is Dr. Razah Raad, a Lebanese-born French doctor and a Shiite. After a meeting with Mr. Dumas, Dr. Raad left Sunday for Lebanon on what French diplomats called a "semi-official mission."

After previous fruitless negotiations with Islamic Jihad, Dr. Raad indicated that he received only lukewarm support from the government. He is a parliamentary candidate for the Rally for the Republic, the opposition party led by Jacques Chirac.

Mr. Chirac, the French politician considered closest to Iraq, has not indicated whether he is attempting to persuade Iraq to release the two deported Iraqis.

Although opposition politicians have refrained from attacking the government over the hostage issue, information is leaking into the French press about disarray in the government in handling the crisis.

### ■ Car Bomb in Beirut

A car bomb explosion killed five civilians in Christian East Beirut near an office of President Amin Gemayel's Phalangist Party on Saturday, police said.

The Associated Press quoted the police as saying 42 persons were injured by the car bomb, the eighth in East Beirut since Jan. 15, when Gemayel loyalists crushed rival Christian forces.


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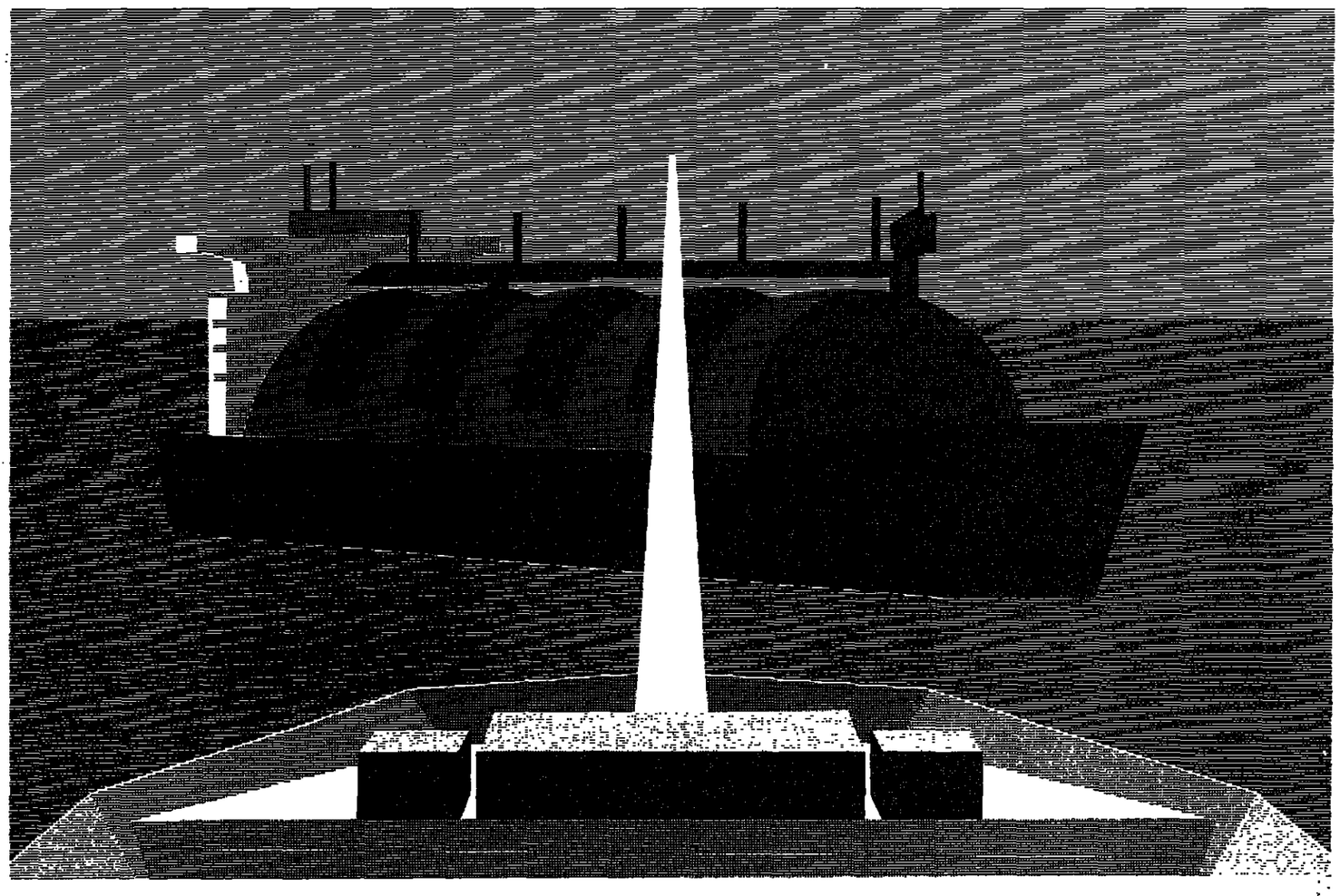

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Krupp electronics are not only in their element at sea. West German TV network ZDF uses them for transmission scheduling and news programmes at its new broadcasting centre in Mainz. In industry they form the nerve centre of automated processes. In network supervisory systems for urban transit they speed up services and keep them running on time.

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# Serving a Global Village

The boxed notice which appears in the upper lefthand corner of our front page has changed again this morning. It now includes the name of Miami, our eighth printing site and the fifth to be opened since 1980.

Copies printed in Miami last evening have been sped to the major capitals of the Americas. This means that the same newspaper you are holding is being read today on every continent of the world. It is the first time that this has ever happened.

That front-page box also notes that the International Herald Tribune is edited and published in Paris. There our editors collect, select and edit the news, and the headquarters for all our operations is located there.

Next year Paris will have been our home for 100 years — since October 1887.

From the start, the newspaper had an unusual international dimension. Its audience has always included a large number of people with responsibilities and curiosity, memories and aspirations that reach across national and cultural boundaries. Our founder called it a village newspaper for internationally minded people centered in Paris. Today, thanks to a series of technological advances, it is Marshall McLuhan's "global village" that we aspire to serve.

As happened this morning, technological developments can help us to reach farther and move faster, both in gathering and in distributing the news. But even the most dramatic of such quantitative advances will ultimately do little good — indeed, could do a great deal of harm — unless it is matched by an equally intensive concern for the quality of the information we provide.

This is a good day, then, to recall the distinction between technological means and journalistic ends, and where our priorities should ultimately lie. And it is a good day to thank our global family of readers and advertisers for the continuing support that sustains our work and growth. That support includes the higher standards by which you constantly measure our work. For in the final analysis any publication will be only as good as its audience requires it to be.

*INTERNATIONAL HERALD TRIBUNE.*

# Brazil Tires of Inflation

Brazil seemed for many years to be a country that had learned to live with high inflation and like it. Everything, after all, was indexed to the inflation rate — wages, prices, mortgages, the works. But it turns out that Brazilians had growing doubts. No system of indexation is ever entirely neutral and fair. In Brazil, indexation was skewed in favor of the well-to-do and it tended to redistribute income upward. This year the inflation rate has been startlingly high even in Brazilian terms — something like 500 percent a year, and rapidly rising. On Feb. 28 President José Sarney imposed a sudden and dramatic plan to stop it at one stroke.

Like Argentina last year, Brazil has now frozen wages and prices, and introduced a new currency. There is no doubt of the strength of public support behind this initiative. Angry demonstrations have broken out at stores that tried to raise prices, and thousands of citizens have reported violations to the authorities.

The Latin American right often charges that democracy is inherently unreliable in money matters and biased toward inflation. In Argentina last year, and now in Brazil, events suggest precisely the opposite. For two decades, military governments in Brazil tolerated an inflation rate fluctuating between 20 and 100 percent a year. By the time early last year that the generals turned power over to an elected president, it was well over 200 percent.

When that president died before his inauguration and Mr. Sarney inherited the job, there was a period of uncertainty. The impulse was to push for economic growth and not worry about the consequences. The economy grew by a phenomenal 7.5 percent last year, but prices were spinning out of control. There will be congressional elections later this year, and it was pretty clear that they would turn out badly for a government that could not deal with inflation. The generals never tried anything as daring or drastic as Mr. Sarney's new policy. It was the voters who pushed him into action.

While Brazil is now following the Argentine example, it has several important advantages in comparison with its neighbor. Argentina is still in a deep recession, but Brazil starts this battle with the momentum of a boom behind it. Brazil has resources unmatched in Latin America. Measured by GNP, its economy is now the world's eighth largest.

But the two countries also have much in common. A year ago both thought that inflation was a nuisance that they could ignore while they turned their attention to growth. Since then, both have changed their minds.

*— THE WASHINGTON POST.*

# The Dobrynin Channel

For 24 years, Moscow's man in Washington has been Anatoli Dobrynin, a skilled professional with a cherub's demeanor who gained the trust of six U.S. presidents while retaining that of five Soviet leaders. One can only speculate whether there is some wider meaning to his unexpected appointment to the party Secretariat. But the narrower meaning is plain: Mikhail Gorbachev will now have at his elbow a man who knows better than almost anyone how superpower relations work — or don't.

Mr. Dobrynin's success as an envoy often provoked despair in his U.S. counterparts in Moscow — seven in all. Soviet leaders bypassed them and relied on their man in Washington to test U.S. reactions. The value of the Dobrynin channel was dramatically confirmed during the 1962 Cuban missile crisis. When Robert Kennedy told the ambassador to inform Moscow that his brother planned to remove outdated missiles from Turkey, the way was opened for a face-saving settlement.

To praise Mr. Dobrynin is not to glorify him. For all his affability, he is an orthodox Communist, a longtime member of the Central Committee and an accommodating servant to changing masters. What has earned him his special trust is his ear for nuance, his grasp of Washington's thinking (and language), his dependability as an interlocutor. Add to that a sense of humor, and you have a diplomat who deserves better than Henry Kissinger's backhanded compliment — that Mr. Dobrynin has been "no more deceitful" than his job requires.

In Moscow the Dobrynin channel might prevent gratuitous misreadings of Reagan administration intentions. "For good or for bad," he wrote recently *(IHT, Feb. 25)*, "our two nations can only survive together, or perish together. It is an illusion to believe that one country can safeguard its security at the expense of the other." His words provide an apt valedictory for an exceptional diplomat.

*— THE NEW YORK TIMES.*

# Other Opinion

## Moscow: 'Reform' Is Discipline

This time every year — it happened last Tuesday — the ladies of Moscow society have a get-together. The wife of the party's general secretary invites them to the government guest house in the Lenin Hills. There is an orchestra and refreshments, and traditionally the ladies dance together. This year, as usual, the gold-edged invitations went out and were accepted: by wives of other Politburo members, of members of the diplomatic corps and of prominent members of the government and Central Committee. Except that last Tuesday there was no champagne, no fresh lobster — and no dancing. The change was yet another reflection of the puritan mood of the new party leadership.

The flags may be out for doubling national income by the end of the century, but the keynote of the next 15 years is going to be discipline. Just what this means has not yet registered with much Western opinion, which still thinks of Mikhail Gorbachev as a "reformer," with Western connotations of greater freedom. It is not a word the Russians use. What the party speaks of is "restructuring" or "retooling" the economy — a much more limited intention, and one likely to require a tightening, not a relaxation, of the rules.

*— Andrew Wilson in The Observer (London).*

## FROM OUR MARCH 10 PAGES, 75 AND 50 YEARS AGO

### 1911: Taft Reassures Díaz on Troops

NEW YORK — The excitement over the military demonstration, with 20,000 troops on the Mexican border, was largely allayed [on March 9] by the publication of President W.H. Taft's telegram to President Porfirio Díaz declaring that the maneuvers have no significance which should give "concern to the friendly neighbor of the United States to the South." Most persons here are agreed that President Taft's object is to impress both factions that the revolution is a menace to the Mexican Republic, and that it must speedily demonstrate its capacity to govern itself or it may be confronted with European interference or temporary American occupation. Mexico insists that she can take care of herself inasmuch as the United States's "mailed fist" is protecting her against her own rebels and against the possibility of outside intervention.

### 1936: Britain Backs France, Belgium

BERLIN — The German general staff, there is reason to believe, will take steps soon to construct powerful fortifications in the reoccupied Rhine zone, facing the French and Belgian frontiers. The equivalent of two full divisions of troops and the artillery for a third moved into the Rhineland over the week end.

LONDON — If Germany makes an "actual attack" on France and Belgium while the Rhineland occupation is being considered by Locarno and League powers, Great Britain will rally to the support of the nation attacked, Foreign Secretary Anthony Eden warned in an important speech to the crowded House of Commons [on March 9]. Chancellor Hitler's Rhineland "coup d'Etat" [of March 7] "complicates and aggravates the international situation and has shaken confidence in the German government's word," Mr. Eden said.

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# Poland: A Talk With Jaruzelski

**By Flora Lewis**

MOSCOW — The most interested and concerned bystanders of Mikhail Gorbachev's overhaul program for the Soviet Union are the countries of Eastern Europe. Although most have gone well beyond the reforms proposed by Mr. Gorbachev, their prospects for going further are inevitably defined by the standards of acceptability set in Moscow.

So it was not surprising that General Wojciech Jaruzelski welcomed the Soviet program as a locomotive for growth in his own country. But it was surprising that in a long conversation here the Polish leader chose to stress more his hopes for better relations with the United States, and his grievances at U.S. sanctions, than his expectations of what the Soviet changes may mean for Poland.

He spoke to me for more than two and a half hours in a small, red-plush salon of a guest mansion in the Lenin Hills. He was dressed all in civilian brown, without any medals or insignia on his lapels, unlike most Soviet delegates to the party congress. And his central theme was neither communism nor East-West antagonism, nor other global issues. It was Polishness, Polish pride, Polish patriotism, Polish pain, Polish emotion.

Twice he apologized for sounding bitter in his recriminations against U.S. policy. He went out of his way to praise what he called the great American people and their great contribution to the defeat of fascism, a recognition of the World War II alliance that is generally taboo in Moscow.

But he seemed even more bitter in his references to the last 40 years of governance in Poland and the failure to satisfy his people's aspirations. He spoke of Communists and anti-Communists in his country, of people who dislike his government and disagree with Jaruzelski, putting himself in the third person, but who nonetheless share hopes for Poland.

In the context of the flood of wooden words that poured from official Moscow, his voice was refreshing, occidental, candid. Mr. Gorbachev and his comrades had made

***Like his country, driven to play a tragic role.***

implicit criticisms of the Brezhnev era. General Jaruzelski took the license thereby granted to speak openly against his own key predecessor, Edward Gierek, forced out of power by the popular upheaval of 1980.

He said sardonically that Mr. Gierek had been treated like "a great democrat" in the West, but he insisted that it was not the Soviet Union that prevented reforms in Poland, because there were no real efforts at reform in either country during what he called the painful 1970s.

Speaking on background, not for direct quotation, he reflected the profound ambiguity of Poland's situation and his own regime. He said that he had decided to push the button — that is, to declare martial law — at 2 P.M. on Dec. 12, 1981, because he felt that the country was on the very brink of a precipice. Martial law was put into effect that night. He claimed that it worked only because soldiers who agreed with the free trade union Solidarity also recognized the danger.

In 1980 and 1981, he said, Poland was worrisome for the Soviet Union, it was a volcano. He compared the situation, without polemics, with U.S. concern about Nicaragua, saying that his country of 38 million people in the heart of Europe was much more important for Soviet security than Nicaragua or Grenada for the security of the United States.

On Nov. 4, 1981, General Jaruzelski said, he proposed a united council of government, church and Solidarity, in a meeting with Cardinal Joseph Glemp and Lech Walesa. He said Cardinal Glemp accepted but Mr. Walesa, after consulting other Solidarity leaders in Gdansk, refused.

He said he got along well with Mr. Gorbachev and liked him as a human being, but his main point of satisfaction was not his program. It was the display of what he called respect for Poland, and the fact that Poland had regained its position among allies. He evidently felt that Moscow had come to accept Polish nationalism as a fact of nature and of honor.

So there was a contradiction in his acid, and yet anguished, warning that U.S. sanctions were driving Poland into ever closer ties with the Russians. It requires no act of faith to accept the sincerity of his dilemma. It is the Polish dilemma. Like his country, he is driven to play a tragic role.

*The New York Times.*

# Canada: A Raw Deal for Mulroney

**By Lansing Lamont**

NEW YORK — These are testing times for tory governments in the English-speaking world. Ronald Reagan is a lot more popular than some of his policies, which could cost the Republicans a passel of House seats and control of the Senate this year. The magic has worn off of Margaret Thatcher after seven stormy years at Britain's helm. And in Canada, just 18 months after winning a landslide election, Prime Minister Brian Mulroney and his Progressive Conservative Party have seen their public support slip noticeably in the polls.

The example of Mr. Mulroney is particularly instructive. He is in trouble for not pursuing the doctrinal politics that have stirred up so much opposition to Reaganism and Thatcherism. He is innocent of the ideological rigidities and high-handed authoritarianism that have been imputed to Mr. Reagan and Mrs. Thatcher by their critics.

He is faulted by the press and the business community for being cautious, and deferential to special interests. He is accused of giving consultation a bad name. This in a land that elected him in part because it had wearied of Pierre Elliott Trudeau's confrontational ways.

But in his race for office in 1984 Mr. Mulroney ran, by design, not as an ideologue out to revolutionize a nation but as a consensus politician hewing to the middle road and to middle-class sensibilities.

Once in office, he elevated the politics of consensus and bonhomie to an art. A former labor negotiator, he was more a reconciler than a persuader, more a peacemaker than a visionary. His healing talents, used to help repair the long-soured relations between Ottawa and the provinces, resemble Gerald Ford's in post-Watergate America.

Mr. Mulroney has dismantled the controversial national energy program, which had so enraged Canada's oil and gas industry. He removed the worst features of the Foreign Investment Review Agency, long anathema to U.S. businesses because of its protracted screening procedures. And the onetime lawyer from Quebec has reached out to pacify that province and help further the evaporation of support for Quebec independence.

He has taken credit for such milestones in Canada's economic renewal as the marked decrease in unemployment from a 12-percent peak three years ago to 9.8 percent; the creation of more than 400,000 new jobs; a significant drop in inflation. His latest budget offers an optimistic blueprint for significantly reducing the $35-billion deficit.

The problem is that most of Mr. Mulroney's successes came early and have been perceived as more corrective than boldly innovative. Lacking the Reagan-Thatcher revolutionary zeal, he and his tories have often appeared unsure of where to take the country next. After a fast start they have been idling in neutral and are easy targets.

Consequently, much of Mr. Mulroney's stewardship is judged on what seem marginal issues. His government mishandled the rescue of two endangered Alberta banks. Under fire, it retreated from a plan to cut the deficit by de-indexing old age pensions. Three cabinet ministers have resigned amid charges of scandal or incompetence.

Even Mr. Mulroney's restoration of sunnier relations with the United States ("Canada is open again for business") has taken its lumps. Some months ago, when a U.S. Coast Guard icebreaker plowed through a strip of the Arctic Sea that Canada claims as its own, Mr. Mulroney was roundly criticized for not protesting vigorously. His current initiative to start negotiations with Washington to establish a historic free trade agreement is getting the raspberry from Canada's cultural nationalists and a beady eye from influential provincial leaders and U.S. protectionists.

These are hardly throne-toppling developments. But cumulatively they have obscured Mr. Mulroney's larger accomplishments.

*The writer is director of Canadian affairs at the Americas Society, a public policy organization set up by David Rockefeller in 1981. He contributed this comment to The New York Times.*

# Go See Senator Y and Congressman Z

**By Sir Roy Denman**

*The writer is head of the delegation in Washington of the Commission of the European Community. This is the second of two articles.*

WASHINGTON — Americans tend to think that theirs is a better ordered, freer, more rational society than others. This is not just nationalism, it is a feeling of moral superiority. Also, there is the tradition of pioneers. The transformation over 210 years of 13 ex-colonies into the leading power of the Western world was based on optimism.

Pioneers streamed across the continent in the legendary covered wagons, fought the Indians, hacked down forests, bridged rivers, built railroads and made a country. For Americans nothing was and is impossible.

A friend told me of his first encounter with Americans toward the end of World War II. He was with the Royal Engineers and it became necessary to build an airfield on an island in the Indian Ocean. The Royal Engineers, who had after all been in the business for several hundred years, estimated that building the airfield would take at least three months. An American colonel said that they could do it in a week. The British smiled politely and invited the Americans to try, expecting that Colonel Loudmouth would soon get his comeuppance. The week ran out on Sunday afternoon. The Americans brought in bulldozers and worked around the clock. At noon on Saturday the airfield was complete and open. My friend's memory of the sequel was vague, but that quality of Americans he never forgot.

□

Most Europeans do not understand the role and the power of Congress. Europeans tend to think of Congress as a parliament, vociferous in criticism but rarely decisive on a day-to-day basis. Time after time I have accompanied Europeans to the airport only to hear: "I have seen X in the administration and that question has been fixed." I have to say no, it has not been fixed. You have made a start. But until you have convinced Senator Y and Congressman Z, the question has not been solved.

What, I am asked, have those folks to do with it? So I have to explain that the founding fathers set up a government of three branches . . .

I remember once, at the end of a trade negotiation in Geneva in the 1960s, my then boss — a senior British official — being asked by the chief American negotiator how he was planning to get the agreement through the House of Commons. My boss could not understand the question. He puzzled, "We have a majority of 91." Between the two of them there hung a fog of incomprehension.

By U.S. standards the question was a good one. Had we seen the right chairmen of committees? Had we prepared the ground with some of the more vocal members of Parliament?

A curious phenomenon is the lack of an institutional memory. American government personnel change, not only at the top but also a considerable way down into the bureaucratic structure, every time there is a change of presidency. This has many advantages such as bringing in fresh blood, outside expertise, particularly in the business field; it avoids the staleness which can affect a service-for-life bureaucracy. However, it does mean that agreements, concluded not just say in the 1950s but also in the 1970s, run the risk of being lost in the mists of time. Since international understanding must be based, whether political or economic, on a certain continuity, this is a disadvantage.

□

These are some of the influences that condition American attitudes to the outside world. Some of the results are constant. Constant is:

- A general feeling in the United States that abroad is a good deal more remote than it is for Europeans, with their quaint patchwork of different states, their memories of ex-colonies and their greater dependence on the Third World for raw materials.
- The feeling that America is a better society than others — fairer, more rational, more equal in opportunity. Hence an occasional outburst of international idealism — Woodrow Wilson and the League, and U.S. support for the founding of the United Nations. But there is also a difficulty in understanding the thought processes of other countries, since Americans tend to see the rest of the world through the eyes of their well ordered and rational society.
- An approach to international relations which some unkindly souls call legalistic, but which in any case reflects the importance attached to law and lawyers in America.
- An impatience with difficulties in the tradition of the pioneers. Faced with a difficulty, Europeans often sit down and discuss it. Americans want to take their coats off and tackle the problem. In the immortal words of one Robert Thompson van Horn, writing in his newspaper in southeastern Ohio in 1850: "Standing around scratching heads will never make Pomeroy the city nature intended it to be."
- A difference in cultural attitudes. The cold chill felt by many a European when he finds lunch accompanied simply by glasses of iced water is only equaled by the amazement of most Americans at finding Europeans happily setting aside two hours a day for an elaborate three-course lunch washed down by wine.

□

But what is fascinating is that despite all these differences of perception, the trans-Atlantic relationship has worked. An extraterrestrial intelligence analyzing our radio and television transmissions would long ago have concluded that the United States would take no part in world affairs. Yet on all the fateful occasions over the last 50 years, the United States was ready to stand up and be counted — the immortal 101st Airborne at Bastogne, the Marshall Plan, the Berlin airlift, the founding of the North Atlantic Treaty Organization and American support in the 1950s for the beginnings of the unification of Europe. Let us hope that for the next 50 years the relationship will be as healthy and as strong.

*International Herald Tribune.*

# *Nicaragua: Reagan Sounds the Alarm*

## Then They *Will* Be in San Diego

THE strategic issue is a simple one: Who wants Central America more — the West or the Warsaw Pact? Fidel Castro, who has sent in 3,500 combat advisers to keep Nicaragua Communist, or the United States, which restricts to 55 the number of advisers it sends to keep El Salvador free? With military aid, the democratic resistance could immediately field 25,000 volunteers. Without it, Nicaragua's freedom fighters will fall beneath Soviet gunships just as the Hungarian freedom fighters fell before Soviet tanks.

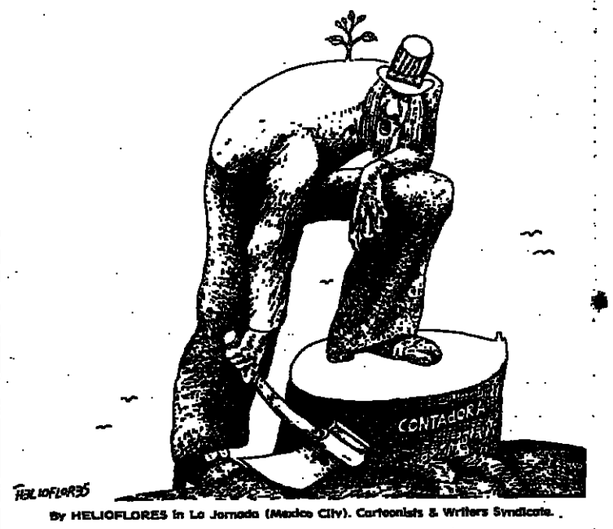
During Vietnam, the mocking taunt of the anti-war movement was "Are you saying that if we don't stop the Viet Cong here, they'll be in San Diego?" Well, if Central America goes the way of Nicaragua, *they will be in San Diego.* Before the century's close, the United States could find its Rapid Deployment Force stretched out along the Rio Grande.

*— Patrick J. Buchanan, White House communications director.*

## *But These 'Contras' Look Like Losers*

NOTWITHSTANDING Patrick Buchanan's hysterical formulation of the issue, the doubts impeding military subsidy to the "contras" are practical, not ideological. The doubts begin with the fact that the United States has not enjoyed a real success in interventionism since the early 1950s. In that palmy era, the CIA restored the shah of Iran to his throne and engineered the overthrow of the Arbenz government in Guatemala. And even those celebrated successes are clouded, 30-odd years later, by untoward final results: a bloodthirsty Islamic theocracy in Iran and three decades of military tyranny in Guatemala, only recently relieved for the first time by a democratic election.

There are real democrats in Nicaragua, mostly associated with the plucky




HELIOFLORES

By HELIOFLORES in La Jornada (Mexico City). Cartoonists & Writers Syndicate.

Chamorro family. Otherwise, the observable democratic ranks quickly run thin. Mr. Reagan argues that U.S. military aid would recruit 25,000 more contra fighters. That force would then pressure the regime to lift its repression, hold elections, loosen the Marxist tie and rejoin the hemispheric consensus. But there is no precedent for such an improbable outcome — none at all.

*— Columnist Edwin M. Yoder Jr. in The Washington Post.*

## A Better Argument Than Violence

PRESIDENT Reagan seems to see the Sandinists as a cancer to be cut out with bayonets, but continued U.S. intervention is the one sure way to increase Communist influence. Every democracy in Latin America supports negotiations and opposes a military solution — even those countries that share borders with Nicaragua. Oscar Arias Sánchez, president-elect of Costa Rica, insists that violence is not the answer. He calls for increased developmental assistance to the region instead of contra aid, to prove that communism "is not the best system for improving the standards of living of people."

*— Representative Richard A. Gephardt, a Missouri Democrat.*

## *Buying Time to Avoid Negotiation*

NOT only did the Sandinists agree to accept a Contadora draft treaty in 1984, which the Reagan administration promptly rejected, but this year they accepted a statement of principles, advanced by Guatemala and other nations in the region, as a basis for a peaceful settlement in Central America. It called for the elimination of foreign military advisers, including Cuban and Soviet bloc personnel in Nicaragua. Is the Reagan administration willing to negotiate on the basis of those principles? No — it insists that the Sandinists must first negotiate with the "contras," although the contras as yet have earned no right whatever to sit down as equals with the Sandinists.

Richard Lugar, chairman of the Senate Foreign Relations Committee, concedes that the $100-million appropriation for the contras will have a tough time even in the Republican Senate. In the Democratic House, David Bonior of Michigan sees a good chance to defeat it. That is why the administration is pulling out all stops. If aid to the contras is cut off, Mr. Reagan will have to turn to diplomacy, which means accepting the Sandinists in some degree of power, or use U.S. forces to overthrow them directly.

*— Columnist Tom Wicker in The New York Times.*

## *The Guerrillas' Crimes Don't Matter*

PART of the effort to frighten congressmen into voting for a package that is suspect on its merits is a systematic discrediting of respected inquiries showing a pattern of rebel atrocities and human rights abuses. The Reagan administration used to acknowledge these abuses but contend that they were of lesser magnitude than those committed by the Sandinists. This argument is too refined for the scare campaign, and "contra" crimes are now dismissed out of hand. As Patrick Buchanan observes, Soviets and Cubans are not in Nicaragua to pick bananas. But that is not an automatic argument for aiding murderous guerrillas of uncertain military potential.

*— Lou Cannon, The Washington Post's White House correspondent.*

## This Propaganda Drive Is Too Much

LET'S agree, Nicaragua is a problem. It's a hard call what to do about it. But the White House has stated the menace in such harsh terms that its proposal for another $100 million seems almost modest. Why not a decision to intervene with U.S. troops? This, of course, is precisely the decision the president is unwilling to face. He thinks he can deal with the problem by financing the rebels to fight the battle he insists is vital to the security of the republic. But Congress has its doubts, and so does the press. They have been told so many lies about the Nicaragua problem that they are not willing to be overwhelmed by this latest propaganda campaign out of the White House. Pat Buchanan's advertising campaign really has gone too far.

*— Columnist James Reston in The New York Times.*

# LETTERS TO THE EDITOR

## The Filipinos Did It

History has a curious way of repeating itself. Filipinos had all but won their revolution against Spain and had proclaimed independence on June 12, 1898, when Commodore George Dewey delivered the coup de grace by defeating the Spanish fleet at Manila Bay. But the Spanish chose to surrender to the Americans, not to the Filipinos, and Spain subsequently ceded the islands — which they had already lost to the Filipino revolutionaries — to the Americans in the Treaty of Paris of Dec. 10, 1898.

Now a succession of events has culminated in a spontaneous movement that overthrew the regime of Ferdinand Marcos. Corazon Aquino was away preaching her nonviolent civil disobedience campaign in the southern island of Cebu when the defense minister, Juan Ponce Enrile, and the vice chief of staff of the armed forces, General Fidel Ramos, declared that they withdrew support from Mr. Marcos and accused him of stealing the Feb. 7 elections. When word got around that the loyalist forces would crush the challenges to Mr. Marcos, Cardinal Jaime Sin went on the radio and called on Filipinos to support the rebels with a "human barricade." As anyone on the spot could see, these spontaneous events were unrelated; the gathering together of forces was more serendipity than design. It is surprising how political analysts in Washington could end up slapping their backs in congratulations for "doing the job."

Gratitude is one Filipino virtue, and there is no gainsaying President Ronald Reagan's offer of sanctuary to Mr. Marcos. And the dual threats of a military aid cut-off and a freeze of personal assets were helpful in persuading him to go. But it was the crisis forced on him by the local opposition that made Mr. Marcos see the situation as hopeless. The United States had neither carrot nor sticks to offer him before events were precipitated by spontaneous forces.

It is unseemly for a hand that couldn't get hold of the handle, let alone stir the pot, now to have the plateful. It is unfair twice to deny Filipinos the fruits of a revolution.

JOSE A. ZAIDE JR.,
Chargé d'Affaires,
Embassy of the Philippines,
New Delhi.

## Results in Malawi

I was surprised by Paul Theroux's pessimism in "Lessons Learned as Peace Corps Teacher" *(Feb. 26)*. My son, a teacher, is back in Malawi for his fourth year. The usual term is two years; he would not still be there if the results of his work were not evident. He says many of his students are brilliant. Some are older than he, and most of those who reach secondary level cherish the chance of an education. Perhaps some of the work Mr. Theroux *did in 1963* is responsible for the bright young men my son is dealing with today.

JACQUELINE CARPENTER.
Corseaux, Switzerland.

## A Familiar Question

I am anxious to find out the way to figure the temperature from centigrade to Fahrenheit and vice versa. In other words, I want to know, whenever I see the temperature designated on the centigrade thermometer, how to find out what it would be on Fahrenheit's thermometer.

OLD PHILADELPHIA LADY.
Paris.

A Monthly Report for the International Investor

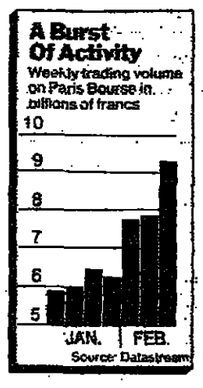
Herald Tribune. INTERNATIONAL

Monday, March 10, 1986

# PERSONAL INVESTING

## FOCUS

### Investors Look Past France's Elections




THE fondness for the Paris Bourse that developed among foreign investors in 1985 has turned into a passion in the weeks ahead of France's legislative elections March 16. But this is hardly the wholehearted endorsement for the right that one might think.

While a number of global money managers in Britain and the United States, who account for a major share of the new capital pouring into the Paris stock market, welcome a victory by conservatives and their promises of major tax cuts and gradual denationalizations, few are hoping for a landslide.

"I personally would not like to see them winning by too big," says André Sharon, a director at Simms Capital Management in New York who has steadily added French shares to his portfolio for the past year. "They don't have such a stunning record when it comes to managing the economy."

INDEED, many investors outside France are hoping that the right does not interpret their anticipated triumph as a mandate for major changes in government policy. And many would prefer that President François Mitterrand keep his job. The concept of *cohabitation* put forth by former President Valéry Giscard d'Estaing and apparently acceptable to Jacques Chirac, the mayor of Paris who leads the largest rightist political group, is seen as a positive sign.

Mr. Mitterrand is given high marks for setting aside his Socialist agenda in favor of austerity to nurse the French economy back to health. Inflation is down, the franc looks healthy and the once gaping trade and current account deficits are no longer embarrassments. "I think Raymond Barre should be proud of what the Socialists have done," says a British pension fund manager, referring to the popular former prime minister who insists that Mr. Mitterrand resign if the Socialists lose their majority in the National Assembly.

ALTHOUGH there probably will be the customary choppy trading this week and some profit taking after next Sunday's vote, it is extremely remote that foreigners will abandon the Bourse, regardless of the outcome.

In fact, Alain LeClair, president of Paribas Asset Management, goes so far as to call the upcoming election a "false indicator" that has drawn the investing public's attention away from more appealing fundamentals. The impact of a declining dollar, falling oil prices and the drive by authorities to bring down interest rates, he says, are positive signs for the Bourse. "I don't foresee any major changes in the economic policies because of the election," he says.

The French recovery, in the view of most money managers, lags about a year behind the rest of Europe's because of the free-spending policies that characterized the Socialists' first year in office. The benefits of

(Continued on Page 12)

Camera Press

*Jacques Chirac*

## UPDATE

### OPEC: Markets Set For a New Standoff

INVESTORS will be keeping an eye on next Sunday's OPEC meeting, though analysts doubt the expected bickering will produce any solution to the slide in oil prices. The cartel's major problem still lies with non-members, particularly Britain. With crude oil prices hovering around $13 a barrel, the government in London shows no inclination to press North Sea oil companies to rein in production.

Peter Beutel, an analyst at Rudolph Wolf Futures in New York, notes that Britain, as expected, declined the standard invitation to attend the Geneva meeting as an observer. For him, this is a signal that Britain will continue its current production pace and that prices will remain weak and volatile. He sees crude fluctuating from $10 to $25 a barrel over the next three months.

Not surprisingly, the current climate is making oil stocks look increasingly vulnerable. Last week, Amerada Hess suspended its dividend, spreading fears among investors that other major oil companies will follow suit. David Knapp at Brown Brothers Harriman says oil companies see dividends as their "lifeline" and will do anything from cutting costs to borrowing money to maintain them. "Without the dividend protection, the value of the stock would fall to where they would become vulnerable to takeover speculation," he says.

The air of uncertainty, says Sanford Margoshes at Shearson Lehman, is an opportunity for selective buying. He recommends Imperial Oil of Canada, Britoil and even Amerada Hess. □

# Why Outguessing Market Moves Is So Tough

## Timing the turns is difficult even for the pros, but investors should learn how to spot a shaky market.

**By Bruce Hager**

*New York*

LAST December, Greenwich Monitrend Corp. thought the stock market looked a little overbought. The Dow Jones industrial average had risen 130 points from early October to 1,460, and the Fort Lee, New Jersey, money management firm anticipated a slight correction. As a result, they pulled some $70 million from various mutual funds, invested everything in a money market fund and waited. Since then, the Dow has soared another 250 points.

Bad timing? Eliot Black, Greenwich Monitrend's executive vice president, admits the call was premature. But he staunchly defends the company's overall strategy of switching from equities to cash at the hint of a bear market. "I have misgivings about not being in," he says. "But not about the system."

The "system" is market timing, a strategy used to ride uptrends and soften corrections. Few approaches to the market are as difficult or as controversial. It has been dismissed by critics as little more than fortune-telling, and many of Wall Street's big-name strategists are piqued at suggestions that they are market timers, even though they depend heavily on timing methods to call the market. Yet, timing has enjoyed a loyal following among both individual and institutional investors.

And now, with the Dow breaking into record territory almost daily, the pronouncements of timing specialists at small money management firms and big Wall Street brokerages are gaining wider attention.

Timers use complex computer models that weigh dozens of factors ranging from the direction of interest rates to investor psychology. Armed with reams of computer data and talking in technical terms of "velocity" and "oscillators," it is their job to spot the next peak or valley in the market.

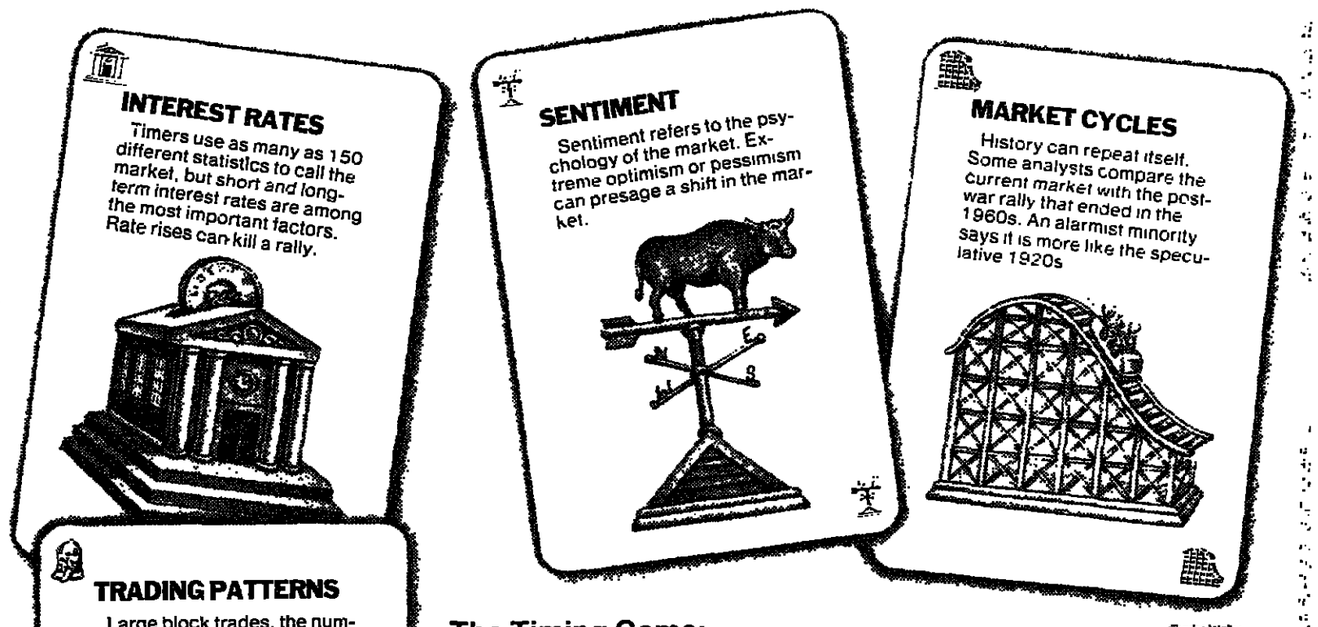
The idea is not new. Strategists have tried to outguess the next boom or bust for generations, including the 1929 crash, with varied results. As a contemporary practice, market timing got perhaps its biggest boost when the stock market plunged almost 50 percent between 1973 and 1974, causing a revival in defensive strategy and spawning a number of money management firms that rely solely on timing calls.

Although market timers' tools are relatively the same, the actual systems vary for each timer. Many use sophisticated trend-following methods like moving averages and economic fundamentals to determine whether brief downtrends or uptrends are the start of a major movement. A few even pride themselves on their ability to anticipate market turnarounds before they become evident.

The most aggressive timers might change calls every week, but the majority are long-term strategists who see the market moving in cycles.

"The markets go from one extreme to the other,

(Continued on Page 10)




**The Timing Game: What the Key Players Track**

# How a Timer Defies the Odds

*Jenkintown, Pennsylvania*

AS A market timer, David Rights knows his system is working when the phones start to ring. Some 10,000 investors depend on a formula he has developed that says when and when not to invest in the stock market. But the real test comes when the market starts to plunge and the computer model remains bullish.

"When we get into lows, we get phone calls from customers who want to get out. That's a good sign that our buy signal is working," said the 40-year-old president of Rightime Econometrics Inc., an investment timing firm located in the Philadelphia suburb of Jenkintown. The reason, he explains, is that investor fear peaks when the market is at or near a bottom.

In many ways, Mr. Rights is a timing purist. His computerized model gives investors only two options: His clients either are fully invested in the stock market, usually through a mutual fund, or biding time in a money market fund or other cash instruments. Mr. Rights' job is to tell them when to switch.

He has an enviable record among market timing

(Continued on Page 10)

*David Rights*

# In the Collector's World, Authenticity Is Relative

**By Lynne Curry**

*London*

MICHELANGELO once completed a statue of Cupid, the story goes, and sought to pass it off to his patron, Lorenzo de' Medici, as a work from antiquity. To give the stone an aged look, the artist is said to have had the statue buried for a time.

In this version of the episode, it is not clear whether Lorenzo was taken in. But if he was, he would certainly have the sympathy of many collectors. The question of authenticity comes up in nearly all forms of collectibles. In the treacherously political world of auction houses and dealers, even seasoned collectors should learn the subtleties of authentication.

Fakes are "an enormous problem," acknowledges David Battie, a director at Sotheby's. "The market is thick with them in every field. There are fake paintings, fake ceramics, and faked and forged furniture." Sotheby's has even assembled what it calls its Black Museum, an entire collection of fake and forged pottery, porcelain, glass and other objects.

As the Michelangelo episode demonstrates, the issue has a long history. "People think faking is something new," adds David Pettifer, president of the British Antique Dealers Association. "That's absolute rubbish. It's been done since the Roman period," he notes, when Roman sculptors executed replicas of Greek statues and sold them for originals.

A rash of incidents in London has spawned so many complaints by collectors that London's Westminster City Council, which is empowered to license auction houses within its district, is developing a code for the establishments. These regulations, which may implemented by the end of the month, will cover the terms used in catalogs, particularly to describe paintings, and the system of bidding and commissions.

In a recent episode in Britain, antique experts discovered the market was being flooded with fake art deco pottery. A gang of forgers recently made bogus Clarice Cliff vases. Originally done in the 20's and 30's by potter Clarice Cliff under the trade name Bizarre, the genuine pottery is known for exotic shapes and brilliant colors. A piece today could be worth as much as £1,000 ($1,450).

Both Christie's and Phillips, another London-based auction house, have turned away fake Clarice Cliff vases in the past month. The bogus vases tend to have deep coffee-colored glazing instead of a pale, honey-colored one, according to Peter Duff, manager of L'Odeon, a London art deco dealer. The patterns are different and the fake vases often weigh less than the real ones.

Antique furniture, such as sideboards, chests of drawers, bookcases, and tables, illustrates how questions of authenticity and restoration begin to mix. The experts say the most common problem with furniture is that the original part of the object will be skillfully matched to its connecting piece, which could be a newer piece of wood designed in the style of the original. Nearly all antique furniture has had some restoration work done to it and this significantly alters both the value and authenticity of the piece.

"The problem is basically what do you call a fake," says Sally-Anne Duke, a partner of Antique Discovery, a London shop that tracks down antique pieces to order for a customer. "There is little really left that doesn't have restoration. On the whole, you

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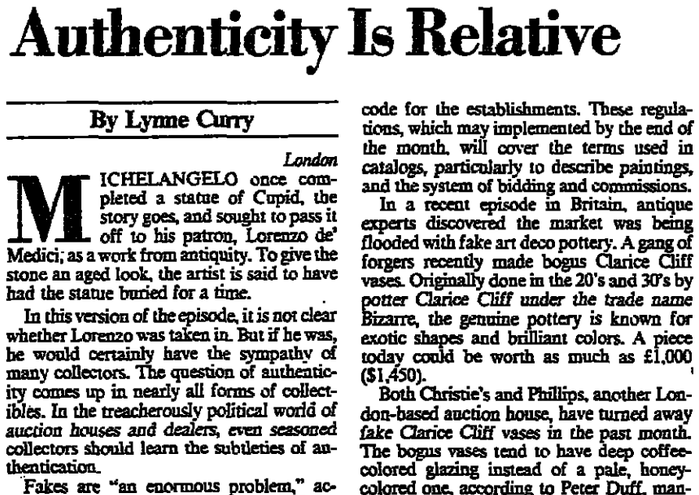

*This Faberge egg is the subject of a multimillion dollar lawsuit.*

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THE BOURSES

# Why Outguessing the Market Is So Tough

(Continued from Page 9)

from being overbought to being oversold," explains Merrill Lynch's chief market strategist, Robert Farrell, who has one of the best records for calling the market's ups and downs.

Mr. Farrell pores over data related to interest rates, monetary policy, market momentum and trends in investment psychology to determine whether the market is near a peak or a bottom. At the moment, he believes the Dow is headed for 1,800 or more before some kind of correction this summer.

What Mr. Farrell will be watching for then is the kind of speculative excess that affected oil stocks in 1980 and technology stocks three years later. On both occasions, the market tended to concentrate on single sector as the rallies matured and prices climbed a fast clip with little justification beyond mere optimism.

"You get a narrowing market towards the top," he explains. In the case of oil stocks, he recalls that some of the fascination was based on wild projections that oil prices would climb to $90 a barrel. This time around, Mr. Farrell says he will keep a close eye on financial stocks, a favored area in the current rally.

Mr. Farrell's positive view of the market is fairly common. Most timers have sat back and watched the market do their job for the past 14 months. The Dow has rocketed almost 500 points during that period with only minor corrections.

G. Stanley Berge, a market analyst with Tucker Anthony & R. L. Day in Providence, Rhode Island, and a widely respected timer, believes the market is in a long-term bull rally that will put the Dow at 3,000 by 1988. One of the key factors supporting this view, he says, is the annual rate of change in money supply.

When the supply is expanding as it is now, Mr. Berge explains, interest rates continue to drop. This, in turn, propels the market higher. For the moment, he believes the Federal Reserve will pursue an accommodative monetary policy. "We're in a long-term bull advance and I just don't think the Fed can afford to tighten" money supply, he says, citing the country's high debt structure. "If they tighten, they're apt to bring on 1929, and I don't think they're going to do that."

Nevertheless, Mr. Berge is not enthusiastic about buying stocks at current prices and warns against investing until a small correction occurs. "If we got as much as a 10-percent correction in the next two, three or four months, that would be high," he says.

The feeling that the market is too expensive at the moment is not unusual among timers. Greenwich Monitrend came up with its sell signal last December partly as result of indications that the market was overbought.

Otto Liebling, president of the timing firm, recalled that a close analysis of price movements at the time showed that 70 percent of stocks on the New York Stock Exchange were trading above the market's 200-day moving average. The indicator, he says, now shows 80 percent are above the average, increasing the market's vulnerability. "We don't need a large correction, but just a consolidation from where the market is now," says Mr. Liebling, explaining what it would take to get Greenwich Monitrend back into equities.

Purists argue that timing works best when the object is not to outperform a market rally but to safeguard investors against a downturn. "A market timer earns his pay when the market's going down," says William Mason, president of a timing firm that bears his name in Woodland Hills, California.

This is the specialty of so-called "switchers," money managers who specialize in timing the market. When stock prices are climbing, they scatter their assets among several mutual funds. But should a bearish trend trigger a sell signal, they will switch all their funds from equities to cash equivalents such 90-day Treasury bills, where they can earn interest while weathering a storm. Timers generally charge a 2-percent fee for the service.

Not surprisingly, many timers earn their living by stressing a defensive poster and some, like Mr. Lieblin, manage a considerable amount of investment capital using a pure timing strategy. They are known as "switchers." When stock prices are climbing, they scatter their assets among several mutual funds. But should a bearish trend trigger a sell signal, they will switch all their funds from equities to cash equivalents such 90-day Treasury bills, where they can earn interest while weathering a storm. Timers generally charge a 2-percent fee for the service.

"Usually, we're getting in one to three weeks after the low and selling one to three weeks after the high," explains Joseph Reynolds, president of J.D. Reynolds Co., a Cincinnati-based timing firm with $30 million under management. Using the all-or-none approach to the market, the firm has generated an average annual return of 26.9 percent over the last 5 years, compared with 19.5 for the Standard & Poor's 500 index.

Despite claims that timing is a defensive strategy, it is hardly risk adverse. Shoal Berer, president of Shoal P. Berer Associates in Pittsburgh, has been timing the market professionally for the last 17 years, and he has an annual 15.5-percent average total return to show for it. But his day of reckoning came in 1984.

AP

*Merrill's Robert Farrell: 'Markets move from one extreme to the other.'*

In January of that year, the market took off with a bang, causing Mr. Berer to climb aboard. Unfortunately, the rally just as quickly reversed itself, leaving Mr. Berer and his clients with losses as high as 20 percent. "1984 was a disastrous year for me, there's no doubt about it," he says.

Indeed, the accuracy of timers has been the subject of countless studies and has been at the center of a lively debate for years. Critics contend that with so many intangibles affecting the stock market — investor psychology, for instance — the odds are stacked against consistently calling the market's twists and turns for more than short stretches at a time.

The harshest critics can be found in the mutual fund industry, which loses huge chunks of capital each time timers turn bearish. Fund managers argue that an investor who picks a fund and stays with it over time will do much better than those who follow the advice of market timers.

"We have provided such a good return for those sticking with us, then why market time?" asks Nola Falcone, executive vice president of the Evergreen Fund in Harrison, New York, which has produced an average return of 27 percent a year over the past decade, a result that far surpasses most timers' records.

A 10-year study by First Chicago Investment Advisers, a subsidiary of First Chicago Corp., found that market timing lagged behind the performance of a typical balanced portfolio and even a careful selection of mutual funds. Jeffrey Diermeier, managing director of asset allocation at First Chicago, says the study pointed to the fact that too much market timing was done on an "ad hoc" basis. "We also time markets, and we do believe it can be done in a positive and successful way," he says.

Laszlo Birinyi, head of equity research at Salomon Brothers in New York, agrees. "I think where market timers go wrong is when they try to get too cute," he says. "They try to say whether it's going to snow two inches, or four inches, then stop." □

## Frustrations for the Funds

Because timing involves rapid and sometimes frequent movements of large amounts of money, timers can drastically complicate the life of the investment manager of a mutual fund. Some fund managers limit the number of switches that investors can make each year among the various funds in the group and penalize offenders with warnings or fines. But the ultimate penalty, dismissal from the fund group, is considered rare.

Keystone Custodian Funds, a Boston group with 26 funds and $10 billion in assets, currently holds investors to five switches each calendar year, or three in any one quarter. In addition, the group asks for some advance warning from large accounts.

"We're concerned about the disruptive process that timers have on the portfolio," says Albert Eller, president of the group, adding that the rules have been in place for about five years. "We felt we had to organize a more orchestrated approach."

Some mutual fund groups funds have taken the view that investors do not benefit from frequent swiching. For that reason, the T. Rowe Price fund group of Baltimore, Maryland, has the strictest policy, limiting investors to one "round trip"—one purchase and one redemption—every four months.

Vanguard Group, based in Valley Forge, Pennsylvania, allows large-scale institutional accounts four switches a year. The fund group, with 38 funds and $18 billion in assets, tightened the rules three years ago. Vanguard's former policy allowed up to six switches a year. But one of the company's $150 million portfolios was hurt by some major switching, so the group instituted more rigorous rules.

"We basically don't have a switching problem today," says John Bogle, chairman of the group, who nevertheless concedes that the money managers withdrew some $300 million when the rules went into effect and took their business elsewhere.

*Laboratory workers at a Hoechst plant in Frankfurt.*

# A Drop in Oil Prices Buoys Europe's Chemical Sector

By Terry Trucco

*London*

THE LAST two years were not the best for European chemical shares, but things are changing. Shares of Britain's Imperial Chemical Industries jumped from a 630-pence low last year to 920 pence in late February and have outperformed the market by 22 percent since October. The West German chemical sector, which languished during much of 1985, has outpaced the Frankfurt market index by 13.6 percent since January.

The reason: The drop in oil prices has lowered raw material costs, most notably for petroleum-based chemicals, the so-called bulk products that are a backbone of the industry. More importantly, good demand for bulk chemicals and plastics mean that the companies have so far escaped the usual pressure to pass those savings along in lower prices. Helping tighten the supply was the shutdown of two plants, one in Scotland and another in Italy, creating a European shortage of ethylene, a building block of plastics.

Though the situation could change in late spring when the two disabled plants start producing again, analysts generally are upbeat about the earnings prospects for many large European groups. "European companies are expressing determination that profitability must be improved," notes Stuart Wamsley of the brokerage W. Greenwell & Co.

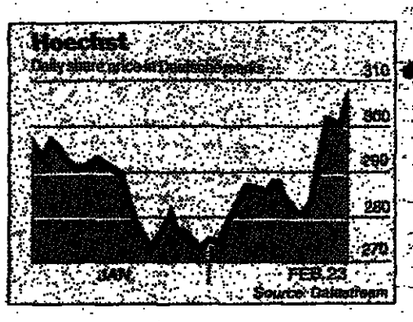
Cheaper oil prices have helped redress the competitive imbalance between European petrochemical companies and the new Middle East producers, which had had a big advantage in their access to cheap crude and gas. Meanwhile, the newer producers remain burdened with high start-up costs. And though the Middle Eastern companies are not likely to cut output substantially, lower oil prices may "make it less encouraging for the Arab chemical producers to expand further," says Christopher Marsay of Grieveson Grant & Co.

The shift comes at time when leading European chemical groups have a leaner look. Since 1980, companies in Britain and on the Continent have closed unprofitable plants, cut back on bulk chemical production and moved into new areas, particularly specialty chemicals, where profit margins are fatter.

Most of the bigger concerns also have acquired companies abroad, notably in the United States, Asia and South America, both to expand markets and protect against currency changes, a serious threat for export-oriented Europeans producers. Many have diversified into pharmaceuticals, health-care and consumer products. The result is a line-up of large, complex companies, less vulnerable to the uncertainties of economic cycles and currencies.

Yet share prices remain, for the most part, attractive, say analysts, particularly for continental European companies such as Hoechst and Bayer of West Germany. With improved expectations for the European economy and continued low inflation, interest in cyclical sectors such as chemicals and automobiles is expected to grow. "I think chemicals make sense in general terms right now," agrees Madelaine Hall, European fund manager for J. Henry Schroder Wagg & Co.

Bayer in particular is praised for its product mix, which includes pharmaceuticals, agricultural chemicals and industrial chemicals with healthy profit margins. It also gets high marks for its research and development spending. Hoechst, too, is moving away from bulk production. But even BASF, a heavy bulk producer, has its advocates.




All three West German companies have expanded aggressively abroad, while a vigorous domestic market is expected to offset the effects of a stronger Deutsche mark on export markets. With price-earnings multiples of around six, compared with about 12 for the market as a whole, they are "excellent buys," argues an analyst at Deutsche Bank in Frankfurt. "And from today's view, with its profits increasing from low oil prices, BASF is the cheapest."

Akzo, the Dutch group, also is deemed attractive, with solid profit expectations for the next two years and a P-E of 7. "They've made a big effort to move out of (synthetic) fibers and into specialized chemicals and pharmaceuticals," notes Ms. Hall. She also favors Bayer and Sandoz, the Swiss chemical group that is active in seeds, foods and consumer products.

Some observers are betting on Italy's beleaguered Montedison to return to profit this year, continuing its recovery. The company has abandoned its heavier bulk products, linked with Hercules of the United States for a new polypropylene venture and made needed moves into exports.

Unlike the majors on the Continent, ICI's share price already has moved up substantially, pushed in part by heavy American buying. Opinions vary on ICI's further upward potential.

Analysts praise the company's efforts to cut unprofitable operations and vary its product line, though bulk chemicals, which account for one-third of profits, still make up 50 percent of production. Recently released year-end figures for 1986 were better than expected, though the company showed a 12-percent drop in earnings.

Charles Lambert, an analyst with Buckmaster & Moore, thinks that ICI will be strong in 1987 and regards 1986 as a transition year. But Mr. Masay expects the good news to come this year, thanks to the oil-price drop, the buoyant Deutsche mark and the weak dollar. "ICI buys raw materials in dollars and sells 60 percent of its bulk production in Deutsche marks," he notes.

Analysts also think that BOC, Britain's big bulk gas chemicals producer, has solid long-term prospects, particularly after the sale, expected later this year, of its unprofitable carbon-graphite company in the United States. That could quickly boost its share prices from 5 percent to 10 percent, analysts say. The market in industrial gases is expected to do well, and BOC product mix is helped by the presence of a line health-care products. □

# A Purist's All-or-Nothing Approach

(Continued from Page 9)

services, many of which are sold to individual investors who use mutual funds. For the last five years, Lincoln Investment Planning Inc., an investment advisory firm that relies solely on Mr. Rights' timing signals, has generated an average total return of almost 20 percent a year for its clients. By contrast, Lipper Analytical Service's index of mutual funds emphasizing growth stocks has shown an annual return of about 11 percent in the same period. Moreover, the Rightime Fund, a $65-million mutual fund launched by Mr. Rights last September, has so far generated a return of more than 25 percent.

For Mr. Rights, however, timing is less a strategy for making money than a means of protecting what already has been made. The best example, he says, occurred in 1981, when the model registered a sell signal on April 20 even though the Dow Jones industrial average had climbed above 1,000. Then, after it slipped 17 percent and was still dropping, the model said it was time to buy again on Sept. 21. At first, Mr. Rights hesitated.

"That was the day Joe Granville said it was going to be the worst day in market history," he recalled, referring to the author of well-known stock market newsletter. But Mr. Rights refused to waver. Within a week the correction ended.

Mr. Rights started building the Rightime Market Model back in 1969 and fine-tunes it weekly. A former electrical engineer, he became fascinated with the stock market and the idea that, somehow, there might be identifiable patterns to catch the market's peaks and valleys.

He takes a pragmatic approach to market timing. Regardless of what happens during the middle of the week — wars, assassinations, revolutions — he routinely feeds market data into a computer every Saturday to determine whether to stay in the market or cash out.

The model computes 50 individual market indicators and pays particular attention to 15 or 20 statistics that he considers key. Chief among them are short-term interest rates, investment advisory sentiment and large block sale activity.

The velocity and acceleration of each indicator — timing jargon for the changes and how they relate to previous patterns — are paramount in interpreting data. For instance, if short-term interest rates are falling, this could be labeled a positive sign for the market. But if the rate of decline is slowing, the model would see the interest rate factor as a bad sign.

"I can generate a sell signal even though interest rates are still declining," Mr. Rights noted. "That's why you don't want to rely on one indicator because they all have their shortcomings."

Measuring investor sentiment can be a lot trickier. Tracking public "short sales" is one of the methods used by Mr. Rights. The practice of "shorting" stocks, selling borrowed shares in expectation that they can be replaced at lower prices in the future, increases when investors turn bearish, he notes. Moreover, the rate of short-selling, he says, generally peaks when the market is at a bottom, an indicator to start buying again.

After weighing each indicator's value, the computer combines them and plots them on a curve, known as an oscillator. On the basis of weekly updates, the oscillator moves above or below a base line to indicate whether it is time to buy or sell.

Mr. Rights' computer has been flashing a buy signal since last April, the longest stretch it has ever gone without signaling a correction, and Mr. Rights continues to be bullish. Currently, the Rightime oscillator is about as high as it can go above the base line, meaning that the risk of a reversal in March is minimal.

"It's like looking at a barometer," he says. "If the needle keeps falling, then you know, sooner or later, it's going to rain. You're sort of assessing history and projecting that into the near future." □

Bruce Hager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10th March, 1986

## Notice of Annual General Meeting of Shareholders

JB≈B

# LIQUIBAER

## Julius Baer U.S. Dollar Fund Limited

(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting for the year 1986 to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, on the 2nd day of April 1986 at 11 a.m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1985 and the reports of the Directors and Auditors.

2. To ratify the acts of Directors.

3. To appoint Auditors and authorize the Directors to fix the Auditors' remuneration.

4. To elect Mr. Roger D. Young, Chief Executive and Senior Vice President of Bank Julius Baer & Co. Ltd., London Branch, as a Director in place of Mr. Fernand P. Koch.

*By order of the Board Liquibaer Julius Baer U.S. Dollar Fund Limited, P.O. Box 1100, Grand Cayman, Cayman Islands.*

A shareholder holding registered shares is entitled to attend, vote and appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the company.

A shareholder holding bearer shares is entitled to attend and vote. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the meeting of the bearer certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with one of the Agents listed below against written receipt, which must be produced at the meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agents listed below.

There are no service contracts in existence between the Company and any of its Directors and none are proposed.

*Participating shares are listed on the London* Stock Exchange and particulars of the Company are available in the Extel Statistical Service.

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**Julius Baer Bank and Trust Company Ltd.**
**Butterfield House**
**P.O. Box 1100, Grand Cayman**

Agents:

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**Bevis Marks House, Bevis Marks**
**London EC3A 7NE**
**United Kingdom**

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# Uncertainty Surrounds U.S. Computer Stocks

By Edith Cohen

*New York*

THE LAST day of February was an unsettling one for the legion of analysts who follow International Business Machines. The computer giant's stock slipped $5 a share to $150.63 in that session, helping to pull down the Dow Jones industrial average a notch or two to the still lofty level of 1,709.06.

"Psychologically, it's a terrible time to talk about computer stocks," says one IBM follower who asked not to be identified. His colleagues had been announcing cuts in their earnings estimates for IBM and the company itself had predicted lower revenue as a result of price reductions. "It creates a pall over the whole sector," he moans.

In fact, concern about U.S. computer stocks was evident before IBM shares stumbled, though the anxiety was masked by the fast-climbing market that swept computer shares higher along with other stocks. Hopes that computer shares would snap out of their doldrums have been pinned on the decline in the dollar, which will offer relief from the negative effects of currency translation and foreign competition, plus a quickening in the economy.

On the economic front, spending by businesses will be crucial and so far the estimates do not inspire wild optimism. Dean Witter Reynolds forecast recently that capital spending will rise only 7 percent, short of last year's 9-percent advance. But there are more optimistic scenarios. Sanford C. Bernstein & Co. expects capital spending to pick up significantly in the second quarter, and analyst Rick J. Martin says that, with flurry of products introduced over the last few weeks, major companies are well-positioned to benefit.

From mid-December to the end of February, 1986 per-share profit estimates for the major computer companies have been cut about 0.5 percent, according to Institutional Brokers Estimates System, a unit of *Jones, Lynch & Ryan that surveys hundreds of* analysts. Overall, estimates for the Standard & Poor's 500 companies have fallen 4.2 percent.

The high price-earnings multiples of some computer makers mean that even modest revisions in profit projections can translate into sharp falls in stock prices. "If you're looking for a correction, look for the computer stocks to be hit pretty hard," cautions Jerry Melin at Value Line Investment Survey. With the exception of IBM, "most of these stocks have gotten ahead of themselves," he says. Here is the outlook for five of the major companies:

## Sizing Up No. 1.

However bullish or bearish analysts are on computer stocks in general, IBM tops most lists. "IBM is probably the best-managed company in the United States, if not the world, in any industry," says Mr. Cohen. Even so, he says, the company and the industry "are going through difficult times that will continue" for a while.

Even though it is poised to benefit from its recently introduced 3090, or Sierra minicomputer, the company needs a pickup in business spending to insure a good year. Meanwhile, the 3090 model is said to be meeting resistance among computer leasing executives, who say customers do not feel the machine offers sufficient incentive to switch from the previous model.

Nevertheless, Steven Milunovich of First Boston Corp. considers IBM, whose price-earnings multiple is a relatively modest 14, a reasonably valued stock. Its recent share price decline came on "no new news," he argues.

"Given its dominance," says Mr. Cohen, "it will probably come out relatively better than most others for the long-term investor willing to roll with the punches. . . Any bet on a technology stock for the 3- to 5-year term couldn't do better." But he cautions that "the short-term investor may be disappointed."

His firm recently cut its estimate of 1986 earnings to $11.50 a share from $11.75, considerably lower than the $12.55 consensus estimate reported by Institutional Brokers Estimate System last week. In 1985, IBM earned $10.67 a share. The consensus estimate for IBM has fallen 1.3 percent since mid-December, IBES says.

## Digital's High Marks

Digital Equipment is setting the standard with scientists and engineers in computer-aided design and computer-aided engineering, industry observers say. Mr. Martin notes Digital has cut costs deeply, making its new products much cheaper to produce, and is replacing its old VAX computer line with new models at a pace that makes life difficult for its competitors. Mr. Melin at Value Line Investment Survey, reports that the recently introduced MicroVAX II computer "is selling like hotcakes — a tremendous success." The new VAX 8800 puts Digital in the lead for the fastest machine in its class.

Analysts agree that its sophisticated number crunchers are helping Digital to deepen its technological advantage. With its special operating software that tends to "lock in" its customer base, Digital is rated among the least dependent of big computer companies on capital spending and, therefore, among the least vulnerable to economic slowdowns.

This allows Digital to price its new products more aggressively because many of its customers are willing to pay for more powerful models rather than go to the expense of rewriting their software to run on comparable, lower-priced machines.

Particularly impressive, say many followers of the computer company, is the turnaround in Digital's management of assets. The company has sharply improved control of its inventory, which turns over nearly three times a year. An improved sales force also is given credit for the company's advances in recent years. *The company's return on equity is* expected to climb in the years ahead.

All this makes Digital one of the most widely favored computer issues. It is the second-biggest holding in the Fidelity Select Technology Fund.

Its 1986 earnings per share are estimated at $8.40, according to IBES, compared with $6.40 for 1985. Not surprisingly, the company's shares are no bargain. At a price-earning ratio of 66, Digital is "not a great value at the current price," argues Mr. Melin of Value Line.

## Data General Doubts

Although Data General draws a plus from some analysts for the introduction of its new MV/20000 computer and for having cut costs during the industry downturn, overall it gets a lukewarm reaction. Stephen K. Smith of PaineWebber says he "would be cautious" about recommending the stock. Whatever strength Wall Street perceives is predicated on there being good economic news to welcome Data General's new products. "Wall Street is looking for upside leverage in Data General that may not materialize," Mr. Smith says, noting that the company has set out to become a full-time competitor to IBM and Digital.

Mr. Melin of Value Line, says, that "for about two months" in 1985, Data General had an edge with the MV/20000. "But Digital consistently meets and beats Data General," he says. The consensus estimate is that the company's earnings per share will rise to $1.33 this year from 92 cents last year.

## Waiting on Hewlett

*Hewlett Packard remains out* of favor among many on Wall Street. Part of the problem is the slump in the market for its test and measuring instruments. Another complication *is its lag in the introduction of* the long-awaited Spectrum system, a switch in computer architecture to what is known as RISC, or reduced-instruction set computing. RISC computers use fewer instructions to process information and can deliver equivalent power for perhaps one-sixth the cost. IBM introduced the technology in January.

Mr. Martin of Sanford Bernstein says that there could be a payoff for the investor willing to hold the stock for the 12 months or more it will take Hewlett to bring the advanced Spectrum models to market. "It's a long lead time," he acknowledges, noting that the benefits will affect the bottom line until mid-1987. "But it will mean a big jump in earnings." But with so much riding on the reception to Spectrum, Mr. Melin regards Hewlett as too risky. "The jury will be out for a while," he says.

Hewlett earned $1.91 a share in 1985, with the consensus estimates running at $2.15 a share for 1986 and $2.66 for 1987. The price-earnings ratio is 22.

## A Vote for Prime

Though Prime Computer is not usually viewed as one of the top computer companies, Mr. Smith of PaineWebber is recommending it. "Prime avoided the computer slump of 1985 altogether," he says, because "it's delivering the solutions people need today." Prime's 1986 profits are estimated to be around $1.45 a share in 1986, according to IBES data. Last year, the company earned $1.20 a share.

*Prime's strategy is to focus on its niches in* computer-aided design and in software applications packages. Of all the computer stocks, Mr. Smith says, Prime is "probably the best dollar play." □

# High-Tech Issues Blossom

THE ebullient stock market is bringing forth another wave of initial public offerings. In the first two months of 1986 alone, 49 issues valued at a total $947.5 million were brought to market, according to The IPO Reporter, a New York-based newsletter.

Among this month's new issues are two California technology companies, Microsoft, the second-largest producer of software for personal computers, and Sun Microsystems, which manufactures engineering workstations. The two issues will test the notion that investor interest in young technology companies has been rekindled.

Some investors are still smarting from their experiences in 1983, when upstart technology issues flooded the market. More than a few of those companies later disappeared in an industry-wide shakeout, leaving investors in a sour mood.

"The froth in the summer of 1983 was extraordinary," recalls Mearns Nimmo, manager of technology research at Ivory & Sime, the Edinburgh-based fund managers. "I don't expect to see that again in my lifetime."

Unlike many of the companies peddled to investors in 1983, Microsoft and Sun are "relatively proven," Mr. Nimmo notes. He terms both "appealing," though he has a preference for software makers over hardware companies.

Microsoft, which earned $31.2 million on revenue of $162.4 million, is debt-free. Sun, which had profit of $8.5 million on revenue of $115.2 million, increased its share of the work-station market in 1985 to 20 percent from 14 percent, according to Dataquest, an industry research firm. But both companies are in highly competitive fields. International Business Machines and Digital Equipment are making *forays into work stations.*

Underwriters expect Microsoft, which is selling about 10 percent of its equity, to bring from $16 to $19 a share, for a total $395 million to $470 million. After Sun went public last week, its shares were trading at around $16, or in the low range of the estimated $16 to $18 per share used to value the 15-percent stake offering at $450 million. However, Sun shares dropped later in the week as the issue came under pressure from the poor performance of computer stocks overall, and they were trading at around $14.50 at week's end.

The California Technology News Letter rates the two issues highly, but notes that their prices probably will follow the usual pattern of moving up after the offering, then falling next month to more attractive levels.

Not all investors are tempted, however. Despite his emphasis on smaller, high-growth U.S. stocks, Edwin Wydler, portfolio strategist at Rothschild Bank in Zurich says he is "not intrigued by either one." He sees little reason to take on the risks of young *technology companies when a declining dollar and* lower oil costs are benefiting such established names as Boeing and Goodyear Tire. □

Edward Rohrbach

# Hong Kong Trading Nears a 'Mini-Bang'

By Robert Karniol

*Hong Kong*

WHILE it may not be as extensive as the changes planned for the London Stock Exchange later *this year, Hong Kong's "mini-*bang" next month is no less a significant step in the stock market's evolution. On April 2 the colony's four stock exchanges will merge, setting in motion a series of reforms that could eventually bring some order to the Hong *Kong's freewheeling securities industry.*

The anomaly of four stock exchanges operating parallel to one another can be traced to the closed-shop attitude of members of the Hong Kong Stock Exchange, which was particularly evident during the frenetic market activity of the late 1960's and early 1970's.

This climate encouraged widespread local interest in securities. But the Hong Kong Stock Exchange, which dates back to 1891, discouraged outsiders. So like-minded groups began forming their own exchanges and attracted varying degrees of business. Hong Kong eventually had four markets before the government halted the practice. The four exchanges share a total of 244 listed companies, with many traded on more than one floor.

The Far East Exchange, established in 1969 and the most progressive of the four, saw roughly 40 percent of the market volume last year. The Kam Ngan, which grew out of the more traditional gold and silver exchange in 1970, saw 35 percent. The Hong Kong, founded in 1891 and home to the securities establishment, saw 25 percent. The Kowloon, opened in 1972, saw a fraction of one percent.

Trading methods and costs differ little on the four exchanges. But the existence of independent markets has been a major headache for regulators and contributed to the markets' volatility. For example, trading in a stock could be suspended on one exchange, yet continue on another.

In 1973, the government called a halt to the creation of new stock markets. And after years of stuttering talk of unification within the securities industry, the government imposed a solution in 1980. It has taken this long, however, for authorities and members of the four markets to work out their merger details. The reforms are seen as an attempt by Hong Kong to create a more professional trading environment and thereby attract the interest of big U.S. pension funds, which have so far shied away from Hong Kong stocks.

*Recording quotes on the Kam Ngan market.*

Under the government's plan, the four markets will be brought together under the same roof and will be formally known as the Stock Exchange of Hong Kong, with a new computerized trading floor at Exchange Square. Current members and listed companies are guaranteed places in the new setup provided they meet revised requirements.

Not surprisingly, some of the new requirements have caused a little grumbling. To start with, participation will be more expensive. Companies will for the first time pay a monthly fee of ranging from $256 to $3,974 for a listing. At the same time, brokers will have to *maintain a capital base of at least* $641,000, of which 10 percent must be held in cash or its equivalent.

More importantly, brokerage houses in which financial institutions have a stake of 25 percent or more appear headed for full membership on the exchange. Initially, rules against their matching buy and sell orders for their own clients will remain in force. These orders will still have to be brought to the exchange floor for execution. But after 18 months, it is expected that these restrictions will be lifted and Hong Kong's banks will take on a bigger role in the market.

Trading procedures also will change. An electronic system will replace the old fashion tote boards and floor traders will view stock prices on computer terminals set up in individual booths. Ronald Li, chairman of the exchange, promises to open a central clearing and depository system within a year. Under the current system, brokers have 24 hours to settle their accounts in cash among themselves.

Although the changes are expected to take some of the speculative edge off the market, analysts do not expect investors to sense any major impact in day-to-day dealings and continue to favor the same blue chips that led the market last year.

Despite prevailing doubts that the market will duplicate that kind of run in 1986, most analysts continue to favor the same blue-chip stocks. These include Hongkong & Shanghai Banking Corp. and Hang Seng Bank in the *financial sector and China Light & Power,* Hong Kong Electric Holdings and Hong Kong & China Gas among the utilities.

In the property sector, analysts still are fond of Hong Kong Land, Cheung Kong (Holdings) and Sun Hung Kai Properties. In the commerce and industry area, Hutchinson Whampoa, Jardine Matheson Holdings, Swire Pacific and Windsor Industrial are the favorites. □


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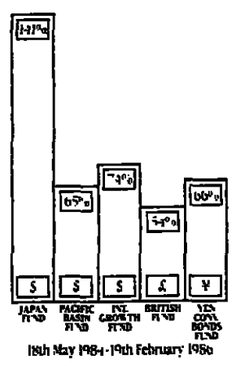


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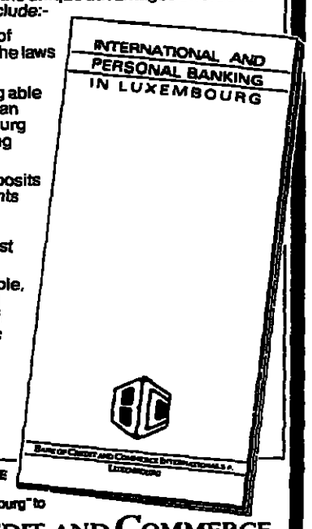


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FOCUS

# Looking Ahead In France

(Continued From Page 9)

austerity are just now trickling down to the corporate sector. Angus McNeilage, a market specialist at James Capel & Co., expects company profits to rise by about 20 percent this year, compared with 12 percent in 1985. At the same time, economic growth may double to about 3 percent.

Not surprisingly, global fund managers were quick to take note and began shifting assets into the Paris market in the last quarter of 1985, fearing that the prolonged rallies in Frankfurt, Zurich and Milan would begin showing signs of fatigue. "There's just less good value elsewhere in Europe," says Alistaire Stewart, a director at Murray Johnstone in Glasgow who says that more than half his firm's Continental portfolio currently is in Paris.

Others have similarly overweighted their positions. Mr. Sharon of Simms Capital says that a typical global portfolio at his firm has an 8-percent exposure in Paris, double that of Frankfurt.

WHEN selecting individual stocks, most analysts seem to care less about the market's price-earnings multiples — now topping 14 — than the likelihood of significantly improved cash flow thanks to reduced operating costs and a projected rise in domestic consumption.

Carrefour, the supermarket chain, and Darty, the electronics retailer, are two favorites of Mr. McNeilage. He and most other portfolio managers also like Peugeot.

Raymond Barre

Koenraad Foulon, who tracks the Paris market for American Express Asset Management, explains that the big automaker and Michelin both are expected to benefit from the "wonderful leverage effect" of cost-cutting and a big upswing in consumer spending.

Pascal de Salaberry, a European market specialist at Ivory & Sime, the Edinburgh money management firm, says he is stressing consumer, leisure and financial stocks in his portfolio. Compagnie Bancaire, the bank holding company, is a particular favorite.

Meanwhile, the recent agreement on the Channel tunnel and plans to build a European Disneyland in France have focused attention on construction stocks. Mr. McNeilage at James Capel likes Bouygues, the big international builder, and the large cement maker, Lafarge-Coppée. □

John Meehan

# Tapping Markets in Euromoney

By David Tinnin

*Zurich*

EVERY day, the equivalent of billions of dollars changes hands in the interbank market, an international wholesale money machine in which banks lend one another spare deposits in virtually all currencies. The trading in these deposits is the backbone of the Euromarket, the broad term used to describe the banking activities that go on largely outside of national monetary systems.

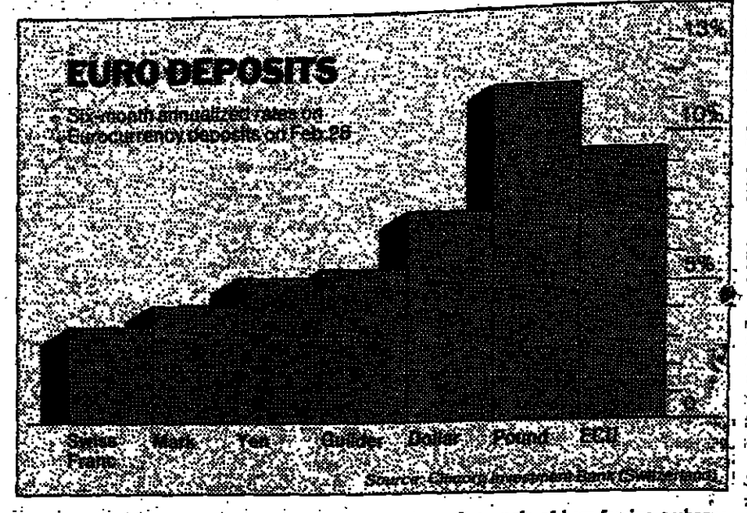
For the most part, the global interbank market is intensely competitive, and Eurocurrency deposits offer attractive rates. By placing funds in these Eurocurrency deposits arranged by banks, a company earns, in effect, the market rate of interest that banks pay each other for the currency in question. Through a variety of strategies, the deposits can be used either to bet on a currency move or hedge against foreign exchange risks.

While the interbank market is, by definition, an institutional arena, these same attractions have drawn well-heeled individual investors as well. Indeed, given the volatility of foreign exchange markets, the main attraction of Eurodeposits for individuals is the possibility of cashing in on a currency move with a short-term instrument of comparatively low risk. "Currency appreciation isn't everything, but almost," says Heinz Wendt, senior portfolio manager of Citicorp Investment Bank of Switzerland. "The interest is not the decisive factor at present."

For individuals, the biggest obstacle is the minimum size of deposits. In a market that routinely trades in units of $5 million, even $1 million seems like small change. Most banks are willing to accept deposits from individuals of $100,000 and, for a favored customer, sometimes as little as $50,000.

But individuals should not expect to command the same yields as big institutional players, whose deposits earn virtually the rates that the banks pay each other. Generally, deposits of $100,000 and under will earn an interest rate of anywhere from one-eighth to one-quarter percentage point below the rates granted on the large institutional deposits that run in the millions. In addition, individual users of the market can expect that the bank's fee for arranging the deposit will reduce the interest rate by another one-half to 1 percentage point.

Most banks have no fixed fee schedule for Eurocurrency deposits and a bit of judicious bargaining may result in a better rate. This is especially true for investors who hold sizable portfolios in other instruments at the bank where they are making the Eurodeposit. Sometimes the portfolio manager can arrange for a lower fee, even if the size of the Eurodeposit alone would not qualify for preferential treatment. In some cases, it may pay an individual to shop around for rates.




Typically, a bank officer will quote a single rate that will reflect both the fee and any reduction from the interbank rate for the smaller size of the deposit. It often is up to the depositor to ask the bank to break out the interest rate and fee. Interest in many jurisdictions is paid gross, without withholding taxes.

The flexible maturity of Eurocurrency deposits is one of their key virtues. A deposit can range from two days to more than a year or longer. But most Eurodeposits are concentrated in the time frame of two days to three months, because short-term rates usually are as good or better than longer ones. A one-month deposit in Dutch guilders, for instance, recently was paying 5.56 percent on an annual basis while the 12-month rate was lower at 5.5 percent.

Deposit rates vary widely from currency to currency and according to length of maturity. One general rule is the yield is seldom less than one percentage point or so below that of prime quality medium-term bonds. Sometimes it is even higher. Eurodeposit rates also tend to run appreciably higher than comparable time deposits in a currency's domestic banking system.

A good example of how foreign exchange shifts can affect the return on deposits is the European Currency Unit, which mirrors the fortunes of the currencies of European Community members. An three-month ECU deposit equivalent to $100,000 and maturing at the end of February would have paid an annualized interest rate of about 9.08 percent. After fees, interest earned would be equal to about $2,115 in the three months. But the ECU appreciated nearly .45 percent in that period, boosting total return for dollar-based investor to about $47,115.

Only a few instruments available on the Euromarket offer as good or better yields than deposits. Certificates of deposits in dollars issued by the big banks in Europe tend to track deposit rates. Only commercial paper and banker's acceptances do better than Eurodeposits by offering, for example, a margin of about 1 percentage point over the three-month interbank dollar rate.

But nearly all these instruments, like Euro-deposits, require large minimum amounts. For investors with small sums, currency funds still make the most sense. In fact, a large number of dollar-based managed funds often yield more than Eurodollar deposits. But switching among various currency funds can be time-consuming and difficult. For investors who can afford it, the flexibility and sophistication of strategies using Eurocurrency deposits make them more efficient for exploiting the shifts in the foreign exchange market, bankers say.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|---|---|---|---|
| Sterling Dep. | £ | 1.015 | 11.74 |
| U.S.$ Deposit | $ | 1.002 | 7.06* |
| DM Deposit | DM | 5.005 | 3.52* |
| Yen Deposit | Yen | 500.6 | 5.02* |
| Sw.Fr. Dep. | SFr. | 5.004 | 3.30* |
| N. American | $ | 1.40 | 0.50 |
| Japan | $ | 2.55 | 0.00 |
| Pacific Basin | $ | 1.67 | 0.00* |
| Intl. Growth | $ | 1.80 | 0.60* |
| Brush | £ | 1.59 | 2.00* |
| Sterling Gilt | £ | 1.11 | 10.50* |
| Intl. High Income | $ | 1.09 | 11.00* |
| Yen Conv. Bond | Yen | 1685.00 | 3.20* |
| European Fund | £ | 1.33 | 0.60 |
| E.C.U. Fund | ECU | 1.03 | 8.50* |

* Prices at 6/3/86.


STRATEGY

# Wave of Stock Splits Offers Opportunity

AS AN increasing number of companies declare stock splits to prevent prices from getting out of the reach of investors during the prolonged rally, speculating on which one will be next is far from an idle pastime on Wall Street these days. Arnold Kaufman thinks it can be profitable.

Mr. Kaufman, editor of the Standard & Poor's Outlook, which explored the recent wave of splits in its latest issue, notes that most individual shareholders welcome a split even though their proportionate ownership does not change. A split generally is interpreted as a sign that a company has good fundamentals. Rarely, he notes, does a company with earnings problems declare a split.

Not surprisingly, this positive view of a split is shared by the market as a whole, much to the benefit of existing shareholders. "In the short term it can be very attractive," Mr. Kaufman says. "Just around the time of the split, the stock's price goes up. At the same time, companies usually raise dividends."

Cincinnati Bell Inc., for example, rose $7 to $66.63 in the first two days of trading last week after directors announced plans for a 2-for-1 split. At the same time, the company increased their quarterly dividend to 88 cents from 78 cents a share.

Although he acknowledges that there may be no lasting effect, Mr. Kaufman thinks individual investors can profit from the current climate if they are savvy enough to spot potential splits ahead of time. And they probably will have plenty of opportunities to test their skills this year. Last year, the New York Stock Exchange reported 109 splits of at least a 3-for-2 magnitude. Substantially more are anticipated this year.

"Price is the key," says Mr. Kaufman in explaining how to spot a potential split. Investors first can narrow their search to stocks trading above the New York Stock Exchange's $40 average. Those trading between $60 and $70 a share are particularly good candidates, he says, because the company's management is afraid the shares are getting too expensive to attract investors.

Mr. Kaufman cautions, however, that investors should not expect that every high-priced stock is heading toward a split. Some companies associate a certain amount of prestige with a high-priced stock. Others want to avoid upsetting institutional investors who do not like the added paperwork that accompanies splits. "Some companies don't like splits," he says. "They never had a split and likely never will have one."

Mr. Kaufman cites Teledyne Inc., the most expensive stock on the Big Board at about $350 a share, as an example. It frequently is mentioned as a possible candidate for a split, but its management, he says, seems to have little inclination toward declaring one.

Another area to explore, he says, is companies with a comparatively limited number of shareholders. Management at these companies may feel threatened by the possibility of a hostile takeover or just prefer to broaden share ownership.

Moreover, stocks with a relatively narrow ownership are more volatile and their prices may rise at a quicker pace. For example, the price of Tejon Ranch Co. jumped by $122 to $572 on the American Stock Exchange last Feb. 6 after it a declared a 10-for-1 split. The company, which has large real estate holdings in California and is controlled by Times Mirror Co. had less than 1.3 million shares outstanding.

Standard & Poor's has assembled a list of 40 stocks that it considers possible split candidates. Mr. Kaufman notes all are trading at relatively high prices and have declared splits in previous years. Some of the bigger name companies include Coca-Cola, Emerson Electric, PepsiCo and Marriott Corp. □

John Meehan

## Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in February

**New York Stock Exchange:**
*Compiled by Media General Financial Services. Prices in dollars*

| GAINERS | Percent Gain | Price Feb. 28 | LOSERS | Percent Loss | Price Feb. 28 |
|---|---|---|---|---|---|
| Financial Corp of Am. | 58 | 16.63 | Ocean Drilling | 25 | 13.25 |
| Korea Fund | 57 | 26.88 | Vestron | 24 | 11.25 |
| Foxmeyer | 47 | 34.75 | Heck's Inc. | 24 | 11.63 |
| Torchmark | 46 | 31.00 | Pennzoil Co. | 18 | 55.38 |
| Countrywide Credit | 40 | 11.50 | Clark Equipment | 17 | 23.38 |
| BankAmerica | 40 | 17.63 | Sabine | 16 | 13.38 |
| MDC Holdings | 39 | 17.38 | Univar | 16 | 21.13 |
| Circuit City Stores | 38 | 38.00 | Southdown | 15 | 33.75 |
| Union Corp | 36 | 11.75 | Diamond Shamrock | 15 | 11.38 |
| Coachman Industries | 36 | 18.38 | Midcon | 14 | 58.38 |

**American Stock Exchange:**

| | | | | | |
|---|---|---|---|---|---|
| Oppenheimer Ind. | 110 | 11.00 | Hastings Mfg. | 17 | 32.00 |
| Olin Industries | 89 | 38.00 | Shaer Shoe | 16 | 12.88 |
| Texas Air | 84 | 28.50 | Conner | 15 | 14.00 |
| Washington Homes | 62 | 17.63 | Scientific Leasing | 13 | 13.00 |
| Tejon Ranch | 51 | 580.00 | Giant Yellowknife | 13 | 14.88 |

**Over the Counter:**

| | | | | | |
|---|---|---|---|---|---|
| Reid-Powell | 77 | 10.63 | Hines Lumber | 30 | 15.75 |
| Numerax Inc. | 59 | 10.50 | Daisy System | 30 | 12.50 |
| Advanced Semi Mat. | 56 | 14.00 | Biogen | 22 | 12.75 |
| Innovex | 54 | 17.50 | R.P. Scherer | 22 | 12.88 |
| Freedom S&L | 54 | 16.50 | Network Systems | 22 | 12.38 |

**London Stock Exchange:**
Compiled by Morgan Stanley Capital International. Prices in pence.

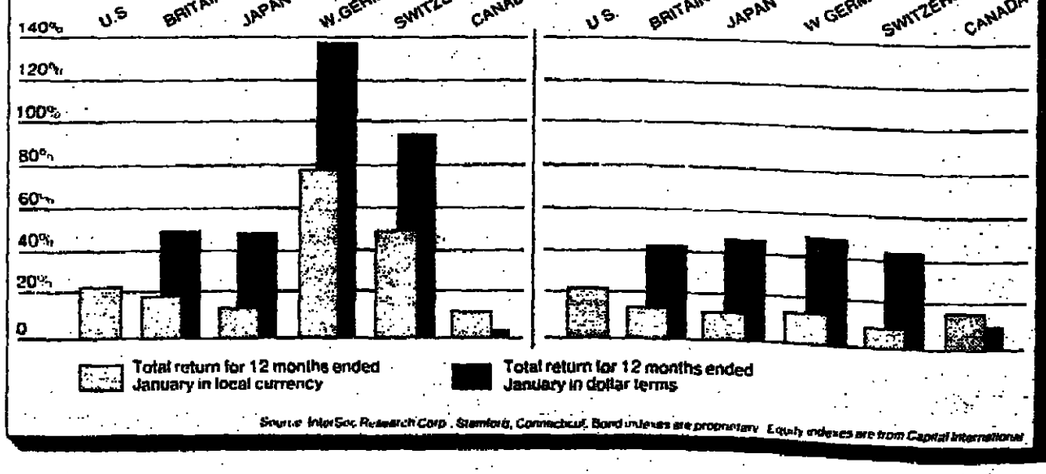
| | | | | | |
|---|---|---|---|---|---|
| Imperial Group | 31 | 322 | Lasmo | 18 | 151 |
| Vickers | 29 | 413 | Tricentrol | 11 | 125 |
| Allied Irish Bank | 26 | 243 | United Scientific | 11 | 170 |
| Pilkington Bros | 25 | 438 | British Petroleum | 9 | 528 |
| Assoc. Newspapers | 24 | 280 | Britoil | 9 | 183 |
| DRG | 24 | 261 | United Biscuits | 8 | 223 |
| Bank Ireland | 24 | 445 | Rentokil Group | 7 | 1,578 |
| BSR International | 23 | 96 | Marley | 5 | 110 |
| Great Universal A | 23 | 922 | Boots | 5 | 231 |
| Lucas Industries | 22 | 623 | Burton Group | 4 | 264 |

**Tokyo Stock Exchange:**
Compiled by Morgan Stanley Capital International. Prices in yen.

| | | | | | |
|---|---|---|---|---|---|
| Odakyu Electric RW | 47 | 670 | Seven Eleven | 25 | 7,140 |
| Hankyu Corp | 42 | 427 | Ricoh | 19 | 905 |
| Nagoya Railroad | 38 | 385 | Gakken | 16 | 1,530 |
| House Food | 32 | 1,150 | Yokogawa Hokushin El | 16 | 1,090 |
| Seibu Railway | 32 | 3,550 | Murata Manufacturing | 16 | 2,020 |
| Daimaru | 31 | 440 | Nitto Electric | 15 | 1,690 |
| Sumitomo Trust | 29 | 1,290 | TDK | 15 | 3,710 |
| Tokyo Style | 28 | 1,250 | Nippon Electric Glass | 14 | 1,480 |
| Tobu Railway | 27 | 500 | Asahi Optical | 14 | 468 |
| Shiseido | 26 | 1,650 | Mochida Pharm. | 14 | 7,000 |

## Total Return for 12 Months

Total return measures both the changes in the prices of securities and the income they provide either in dividends or interest. Gains or losses were measured by comparing market indexes with their levels a year earlier. The chart does not take into account taxes or inflation.



THE TRADER

# Short-Sellers Hope Their Stocks Will Stumble

## A negative attitude can pay off, but the risks are heavy for the speculators.

By Janice Horowitz

*New York*

WHILE most investors hope that the market will continue to push the value of their shares skyward, there are those who bet on just the opposite: that their holdings will plummet. They are the short-sellers, an aggressive group of investors who at various times have earned the admiration and scorn of their colleagues.

Shorts, as they are known, are speculators who sell borrowed shares in the hopes that they can replace them later with shares purchased at a lower price. When successful, shorts can make a quick profit on the difference in the prices. If not, the losses can be deep.

"Many people have trouble conceptually with short-selling," notes Malcolm Lowenthal, a broker at Shearson Lehman Brothers and a seasoned short-seller. The short-seller is banking on bad, unsettling news. "You have to be pessimistic, against the grain. You're betting on death and destruction," says Robert Colby, vice president of technical research at Smith Barney, Upham & Co., in New York.

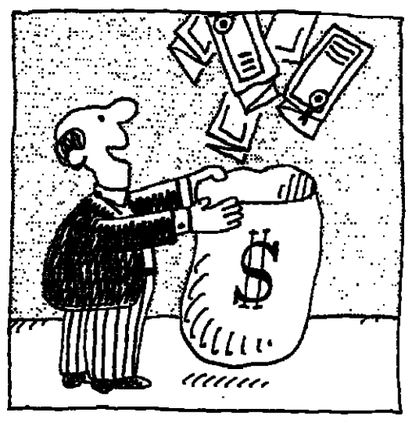
Short-sellers have been accused of not only spotting a company that has the potential to decline, but actually precipitating its downfall. These unsavory shorts, who either work alone or in a network, reportedly use such suspicious tactics as planting negative stories about a company in the press and spreading bad news to creditors and clients.

*But major users of short-selling strategies insist* that these abuses are rare and, in any event, cannot keep a good stock down. "It's absolute nonsense," argues James Chanos, a veteran short-seller and partner in Kynikos Associates, a New York money management firm. "Short-sellers can't bring harm to a company. It's the fundamentals that will out in the end."

Nevertheless, such conspiratorial activity could be especially punishing to sparsely capitalized companies with relatively few shares outstanding. The National Association of Securities Dealers is looking into how to handle short sales of over-the-counter securities and now are requiring that short sales be reported to the NASD two days after the settlement date.

A major attraction of short-selling is that there is the potential for a large gain in a short period of time. "Stocks tend to rise slowly and decline rapidly," says Irwin Metzger, a financial consultant with Merrill Lynch, who recalls an overnight 12-point drop by Texas Instruments last April because of disappointing earnings. "If you can catch a correction, it can do a lot of work for you fast."

Selling short requires finding a stock that appears ready for a price drop and then contacting a broker, who usually lends the short-seller the shares from the brokerage firm's inventory. The borrowed shares are sold, but the short-seller does not receive the proceeds of the sale until the shares are paid back, or "covered."



Stuart Goldenberg

To obtain the loan of the shares, short-sellers have to put up half the value in cash or other securities. If the stock starts to rise sharply, the brokerage firm will require more money to maintain the 50-percent ratio.

Because short-selling involves an unquantifiable amount of risk, it is not for the faint-hearted. When a stock is bought in the conventional manner, the investor can never lose more than the amount invested. In contrast, a short-seller faces the chance that a stock could surge upward. When it comes time to cover, the investor may have to replace the borrowed shares with stock that costs many time more.

Not surprisingly, experts suggest putting a "stop-loss order" on the transaction, a venerable strategy that can discipline the investor to cover a position before the price gets too high. In the case of short-selling, such an order instructs the broker to buy the shares if the price rises to a specified level.

A problem with holding on to the borrowed shares for a long time, say more than three months, is that short-sellers are responsible for paying the dividends due the owner of the borrowed shares. "If it's a high dividend stock, you may not make money," Mr. Metzger says.

Short-selling is a popular gambit during bearish times, when the market is down and can easily decline further. It also can be used with success in today's bullish climate. "We're seeing broad-based moves," says Mr. Chanos. "In a bull market, there will always be stocks that are taken along for the ride, even though they don't have the fundamentals to support it."

Those who are intrigued by this contrarian strategy, Mr. Chanos says, should be on the lookout for stocks that appear significantly overvalued. Such signs include high price-earnings ratios, high price-sales ratios or high debt levels. Currently, Mr. Chanos sees potential weakness in media and broadcasting companies, those toy companies coming off a hot run and some fast-food start-ups.

Historically, there have been notable areas of excess that a short-seller could have taken advantage of, Mr. Lowenthal points out. "In the late 60's people went crazy over nursing homes. In the 70's it was gambling stocks. These companies were posted at 50, 60 or 70 times their earnings. Nothing is worth that much," he says. "Whatever the latest game being played is usually a good opportunity."

There are issues to avoid. "A red flag should go up if it is difficult to borrow the stocks in the first place," Mr. Lowenthal warns. "That usually means there's a high demand for the shares. The squeeze could be put on you to sell them back, possibly at an inopportune time."

Companies that have already suffered a price decline of 60 percent or more also make unworthy short candidates. Furthermore, it is advisable not to short a stock with high dividend yields because such yields often attract buyers. And stay away from companies with high cash flow, the professionals warn. They often are takeover targets, which drives up the price of a stock.

Then too, there are restrictions on when a stock can be shorted. Issues other than over-the-counter ones can only be shorted on an "uptick," that is when the stock's price is higher, by any amount, than the last trade. And regardless of how long the short position is held open, the profits always are treated as short-term gains for U.S. taxes.

With all these risks and restrictions, many individual investors who want to bet on a negative move in a stock buy put options instead. While put options are hardly risk-free, they do have a few built-in safety features. With "puts," the investor pays a fixed amount of money for the right to sell a stock at a specific price during a limited time period. When that time period is up, the investor can either exercise his option or let it lapse. In the worst case, the extent of potential loss is the price paid on the contract, called the premium.

But premiums on options can be hefty, running from 5 percent to 15 percent of the value of the shares. In addition, the premium must be paid immediately when the put contract is issued.

"Even though puts are less risky than selling short, you're paying a cost for the right to use a put," notes Mr. Metzger. "When you sell short on the other hand, you get a point-for-point benefit for the trade. The rewards can be great." □

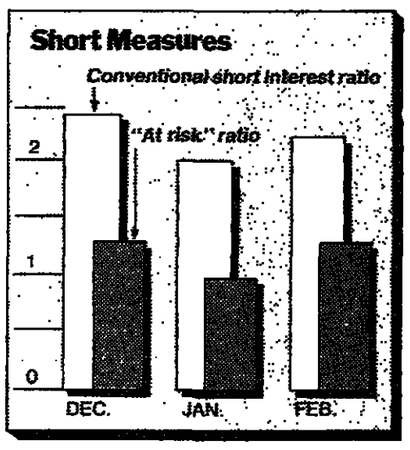
# Updating a Gauge of Investor Sentiment

EACH month, U.S. stock exchanges add up the total number of shares that have been borrowed by short-sellers. This statistic, called "short interest," is closely followed by technicians, the market strategists who take their cues from trading patterns.

In general, a rise in short interest is considered bullish because shares eventually must be repurchased to replace the borrowed stock. When the number of shares sold short is high, it can add thrust to a rally as short-sellers rush to buy stock to "cover" their borrowings and limit their losses. Likewise, a lack of short-selling activity may indicate that the next rally will lack punch.

Traditionally, the stock markets' short-interest figures have been used to calculate what is known as the "short-interest ratio." Analysts divide the monthly short-interest total by average daily trading volume during that month. The result is a rough measure of how many trading days it would take for short-sellers to "cover" their positions. A short-interest ratio of more than 1.6 is taken as a bullish sign for the market, while a ratio of 1.4 to 1 signals caution.

But in the last few years, use of the short-interest ratio as a barometer of investor sentiment has fallen out of favor. Increasingly, the skeptics say, investors are using short-selling as part of sophisticated tactics for exploiting disparities in stock prices. These strategies, lumped under the heading of arbitrage, sometimes involve selling shares short and then taking offsetting positions in financial futures or options.




*Because arbitrageurs are not running the same* risks as conventional short-sellers, skeptics have questioned whether short-interest figures are still valid as an indicator of market sentiment. By some estimates, the percentage of short-selling activity associated with arbitrage has risen to 50 percent from about 20 percent four years ago.

Philip B. Erlanger, chief technical analyst for Advest, a brokerage firm in Hartford, Connecticut, has dealt with this problem by attempting to eliminate from total short-interest figures the shares of companies that are likely targets of arbitrage strategies. The result is what he calls the "at risk" short-interest ratio, which he believes gives a clearer estimate of the amount of short-selling by investors who face losses should the market rise.

Mr. Erlanger regards any reading of below 1.30 on his "at risk" ratio as an indication of light short-selling activity. But the ratio is only one of many tools he uses. "Indicators are valuable, but you have to compare them to the market," he cautions.

The level of short-selling has been light since November, he observes, but the market has still surged. "It's moving up on factors other than short-sellers covering," he explains, particularly the drop in interest rates and optimism about the economy.

In fact, the market is heading toward an "extreme situation of optimism," he says, that is likely to lead to a sharp correction later this year. But the downside risk "is only about 20 percent, which is not bad at all," Mr. Erlanger figures. He still regards the market as being in a long-term bullish cycle that could see the Dow Jones industrial average rising to 3,000 in six years.

In the meantime, a major rise in the "at risk" ratio may signal significant opportunities for investors. "I will be much more aggressive on an indication of heavy short-selling," he says of his own strategy. □

William McBride

# Fakes: A Constant Peril for Collectors

(Continued from Page 9)

will not find a totally new piece in the antique shops. It's possible for the restorer to do anything with a piece of furniture."

Authenticating paintings is a vastly complicated field that regularly sets off scholarly wrangling, leaving the collector to wonder whether anything in the art world is certain. Since 1969, a commission in the Netherlands has been re-evaluating all of Rembrandt's works to determine which he painted himself. Their findings have excluded a number of pictures originally thought to be Rembrandts.

The National Museum of Wales recently asked three experts to judge if four "cartoons," paintings on paper used by weavers as a pattern for tapestries, are by Peter Paul Rubens. The works have been valued at £1.2 million. Two scholars said they believe they are not by Rubens, but by another 17th-century Flemish painter. The third said they had all of the hallmarks of Rubens.

Similar kinds of questions can arise at auction houses. While most auction houses attempt to authenticate their objects, their catalogs are filled with conditions protecting the rights of the auctioneers, making it difficult for a buyer to return an item he subsequently has doubts about. Some catalogs explicitly state that they do not guarantee the condition or the correctness of the property sold. Neither do they guarantee the title to the goods.

Sotheby's and Christie's say they will take back an item that a customer can prove is a forgery and refund the money. But the buyer must return the goods within five years of purchase. Other auction houses have different policies and time limits for returning objects, depending on what has been acquired.

Moreover, descriptions of objects often are carefully worded to keep the auction house off the hook, dealers note. "If an auction house is not sure if a piece is from the George III period, it will say it's George III style," notes *Antique Discovery's Mrs. Duke.* "It's a subtle difference. It could be a 19th-century piece designed in the style of the 18th century."

## 'The problem is basically what do you call a fake' says one dealer.

Dealers said bidders should watch in auction catalogs for phrases such as "in the school of," "attributed to," and "bears signature" and carefully read each catalog's definition of those phrases.

The glossary in a Christie's catalog for a sale of paintings planned this month defines the phrase "attributed to" as: "In our opinion, probably a work by the artist in whole or in part."

The distinctions can be fine. According to the Christie's catalog, "signed" means that the auction house believes the signature on the painting is that of the artist. But "with signature" or "with inscription" means that the signature or inscription probably is in the hand of someone other than the artist, perhaps a student in his workshop.

In buying from dealers, collectors would do well to check if the seller is member of British *Antique Dealers Association or the London & Provincial Antique Dealers Association.* They publish an annual handbook listing their members. Dealers themselves caution that buyers should be sure to obtain a detailed description of the goods on the invoice.

In Britain, a buyer who is not satisfied after a transaction with a BADA dealer can appeal to the association. If necessary, three leading dealers in the relevant field will judge the authenticity of the object in question.

Probably the most publicized disputes over authenticity involves the 1977 purchase by Eskandar Aryeh, an Iranian-born millionaire, of a Fabergé egg. Both sides agree on the basic facts: Mr. Aryeh had placed a bid with Christie's in Geneva, believing the egg was among those that were made for Russia's imperial family. But when he arrived to collect the egg, he had doubts and refused to pay the $250,000 price.

After months of haggling, Christie's sued, saying its expert had certified that the object was one of the Imperial eggs. Mr. Aryeh paid up, but last year sought to sell the egg back to Christie's. The auction house then revised its opinion, saying that the Fabergé egg is not one done for the imperial family. Mr. Aryeh, a resident of New York, has sued in U.S. courts for $37 million. □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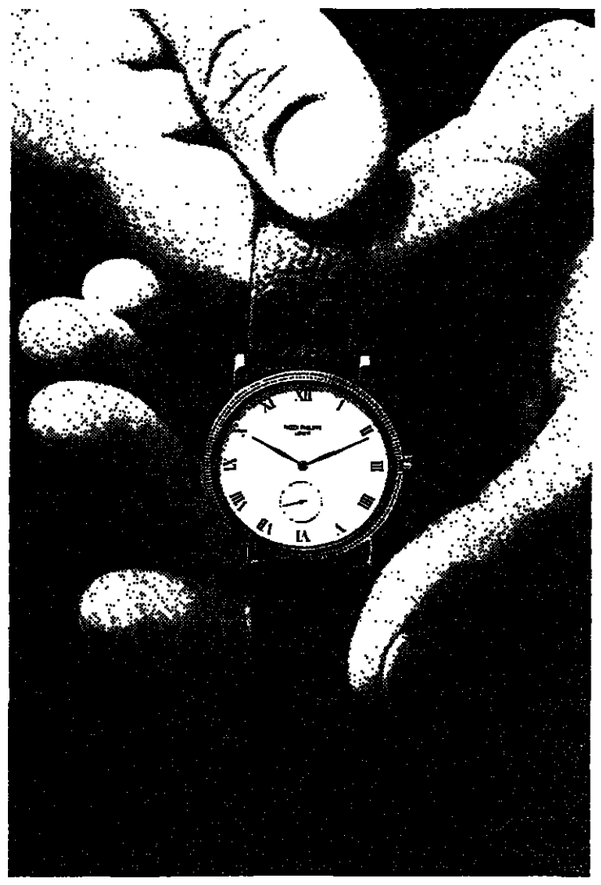

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# Weekly International Bond Prices

*Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277.*
*Prices may vary according to market conditions and other factors.*

## RECENT ISSUES

*March 7*

| Amt | Security | Mat | Str/Conv | Issue Price | Mid Price | Yield |
|---|---|---|---|---|---|---|
| $ 300 | General Electric Cred | 8⅝ % '93 Mar | s | 100¾ | 101¼ | 8.51 |
| $ 200 | Italy | 8¾ % '91 Mar | s | 100 | 100⅜ | 8.56 |
| $ 300 | World Bank | 9⅝ % '16 Mar | s | 100 | 100 | 9.48 |
| dm 300 | Sweden | 6⅝ % '98 Mar | s | 100 | 100⅝ | 6.83 |
| dm 225 | Philip Morris Co Inc | 4 % '96 Mar | s | 100 | 99⅝ | 4.03 |
| dm 130 | Wella Intl Financ W/w | 2½ % '96 Mar | s | 100 | 102⅛ | 2.27 |
| $ 200 | Philip Morris Co Inc | 9⅜ % '91 Feb | s | 100⅜ | 100 | 9.44 |
| $ 150 | Italy | 9⅛ % '96 Mar | s | 99½ | 100 | 9.12 |
| $ 100 | Colgate Palmolive Co | 9½ % '96 Mar | s | 100½ | 103 | 9.03 |
| $ 182 | Austria | 8½ % '96 Mar | s | 100⅛ | 100 | 8.65 |
| $ 150 | Ireland | 9⅛ % '96 Mar | s | 100¾ | 103 | 8.91 |
| dm 250 | World Bank Pp | 4 % '91 Mar | s | 100 | 100 | 4.00 |
| dm 300 | Chrysler Financial Co | 6¾ % '96 Mar | s | 100¾ | 99¼ | 6.86 |
| dm 250 | Australia Pp | 5⅝ % '90 Mar | s | 100¼ | 100⅛ | 5.48 |
| dm 500 | Australia | 6⅝ % '96 Mar | s | 100¼ | 100½ | 6.38 |
| $ 1000 | Canada | 9 % '96 Feb | s | 101⅛ | 103½ | 8.47 |
| $ 100 | Finland | 8⅝ % '91 Feb | s | 100½ | 100⅛ | 8.50 |
| $ 100 | Eec Europ Econom Com | 9⅛ % '96 Feb | s | 99⅞ | 104 | 8.51 |
| $ 150 | Saskatchewan Province | 8½ % '91 Mar | s | 99¾ | 99¾ | 8.56 |
| y 80000 | Canada | 6⅝ % '91 Feb | s | 100⅛ | 100⅝ | 5.91 |
| $ 150 | Council Of Europe | 9⅜ % '96 Feb | s | 100 | 102⅛ | 8.98 |
| dm 710 | Deutsche Bank Fin W/w | 3⅛ % '96 Feb | s | 130 | 130½ | 2.72 |
| $ 300 | Eurofima | 9⅛ % '96 Feb | s | 100¼ | 102⅝ | 8.84 |
| $ 100 | Trw Inc | 9⅝ % '93 Feb | s | 100 | 101½ | 9.44 |
| $ 300 | Long-Term Credit Bank | 8⅛ % '96 Mar | s | 101⅛ | 105 | 8.73 |
| $ 125 | Coifed Inc | 6½ % '00 Nc | c | 100 | 108 | 5.69 |
| ecu 60 | New South Wales Treas | 8⅝ % '93 Mar | s | 100⅛ | 100⅞ | 8.70 |
| dm 300 | Quebec Province | 6½ % '96 Mar | s | 100 | 100⅝ | 6.41 |
| $ 150 | Deutsche Bank Finance | 9⅛ % '96 Mar | s | 100⅛ | 102½ | 8.86 |
| $ 250 | General Motors Accept | 8⅝ % '91 Feb | s | 100¼ | 101½ | 8.49 |

## STRAIGHT BONDS

### AUSTRALIA

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 50 | Australia | 8¾ | '86 Jun | 100¼ | 7.39 | | 8.73 |
| $ 120 | Australia | 8½ | '86 Oct | 100 | 8.34 | | 8.50 |
| $ 100 | Australia | 11¼ | '98 Oct | 112 | 8.81 | | 10.04 |
| $ 60 | Australia | 8¾ | '91 Oct | 99⅝ | 8.91 | 9.00 | 8.82 |
| $ 200 | Australia | 11 | '95 May | 114½ | 8.64 | | 9.61 |
| $ 300 | Australia | 11½ | '95 Oct | 117½ | 8.73 | | 9.79 |
| $ 100 | Australia | 11⅝ | '98 Oct | 122 | 8.67 | | 9.53 |
| $ 100 | Australia | 11¼ | '00 May | 117 | 9.07 | | 9.62 |


### AUSTRIA

### BELGIUM

### CANADA

### DENMARK

### FINLAND

### FRANCE

### GERMANY

### ICELAND

### IRELAND

### ITALY

### JAPAN

### LUXEMBOURG

### MEXICO

### MISCELLANEOUS

### NETHERLANDS

### NEW ZEALAND

### NORWAY

### SOUTH AFRICA

### SPAIN

### SUPRANATIONAL

### SWEDEN

### SWITZERLAND

### UNITED KINGDOM

### UNITED STATES AMERICA

### FOREIGNTARGETED BONDS OF THE US TREASURY AND OF ITS AGENCIES

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 1000 | Us Treasury | 11⅝ | '88 Sep | 107⅞ | 7.82 | | 10.54 |
| $ 1000 | Us Treasury | 11 | '90 Feb | 110⅝ | 7.80 | | 9.95 |
| $ 1000 | Us Treasury | 9⅝ | '88 Aug | 103⅛ | 7.95 | | 9.34 |
| $ 200 | Fed Home Loan Banks | 11 | '88 Dec | 107 | 8.74 | | 10.28 |
| $ 300 | Fed National Mort Ass | 11½ | '91 Dec | 111⅝ | 8.93 | | 10.35 |
| y 50000 | Fed National Mort Ass | 6⅝ | '92 Feb | 102⅛ | 4.20 | | 6.49 |
| y 25000 | Student Loan Mark Ass | 6⅝ | '92 Jan | 100⅜ | 6.44 | | 6.57 |

## HIGHEST YIELDS

### to Average Life Below 5 Years

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 125 | Pemex Petroleos Mexic | 11½ | '88 Jul | 88 | 18.17 | 19.28 | 13.07 |
| $ 75 | Ward Foods O/s Capita | 5⅝ | '88 Nov | 78 | 16.42 | 17.82 | 7.37 |
| $ 40 | Mexico | 8½ | '87 Mar | 96 | 12.90 | 15.84 | 8.85 |
| $ 30 | Mexico | 8¾ | '91 Dec | 85 | 12.53 | 13.33 | 10.29 |
| $ 50 | Uer O/s Finance | 13½ | '88 Oct | 100¼ | 13.05 | 13.01 | 13.40 |
| $ 25 | South Africa | 7⅜ | '87 Dec | 92½ | 12.48 | 12.98 | 8.38 |
| $ 50 | Eksportfinans | 14½ | '89 May | 103 | 13.23 | 12.25 | 14.08 |
| $ 14 | Reliance Transcontine | 6⅛ | '88 Feb | 91 | 11.68 | 11.79 | 6.87 |
| $ 30 | Bauxites De Guinee | 8 | '90 Dec | 91½ | 10.31 | 11.56 | 8.74 |
| cn$ 25 | Intl Harvester Credit | 9⅛ | '86 Apr | 98 | 29.78 | 29.45 | 9.95 |
| $ 50 | Bass Charrington | 7⅝ | '87 Aug | 90 | 15.87 | 20.71 | 8.33 |
| ff 200 | Renault | 7⅛ | '87 Mar | 91½ | 16.95 | 20.49 | 7.92 |
| ff 100 | Bast Transatlantica | 7⅝ | '87 May | 91½ | 16.88 | 19.56 | 8.20 |
| ff 100 | Bat Intl Finance | 7½ | '87 Nov | 89½ | 14.89 | 17.97 | 8.38 |

### to Average Life Above 5 Years

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 75 | Caisse Nat Autoroutes | 15¾ | '97 Mar | 119½ | 12.52 | 11.42 | 13.28 |
| $ 50 | Ingersoll-Rand Intl | 13¾ | '95 Oct | 108 | 11.78 | 11.42 | 12.27 |
| $ 50 | Dome Petroleum | 10 | '94 Jul | 95 | 10.92 | 11.15 | 10.53 |
| $ 50 | Hudsons Bay | 10 | '94 Feb | 97 | 10.57 | 10.74 | 10.31 |
| $ 50 | Macmillan Bloedel | 9¼ | '93 Mar | 94 | 10.50 | 10.67 | 9.84 |
| $ 50 | Macmillan Bloedel | 9 | '92 Feb | 94 | 10.40 | 10.50 | 9.57 |
| $ 40 | Ottawa-Carleton | 14⅞ | '97 Jun | 118 | 11.76 | 10.39 | 12.50 |
| $ 100 | Alaska Housing Fin Co | 11⅝ | '94 Feb | 107 | 10.41 | 10.35 | 10.98 |
| $ 75 | Intl Standard Electri | 12 | '96 Mar | 107½ | 10.74 | 10.28 | 11.16 |
| cn$ 50 | Canadian Utilities | 17 | '96 Dec | 117⅝ | 12.76 | 13.09 | 14.47 |
| cn$ 40 | Royal Bank Of Canada | 10 | '94 May | 97 | 10.55 | 10.43 | 10.31 |
| $ 30 | Indust Bank Japan Fin | 11⅛ | '95 Dec | 105 | 10.20 | 10.47 | 11.07 |
| cn$ 40 | Royal Bank Of Canada | 9 | '92 Feb | 94½ | 10.28 | 10.29 | 9.52 |
| ecu 40 | Ros Auto Transp Paris | 10⅜ | '92 Apr | 104¼ | 9.77 | 9.64 | 10.38 |

## HIGHEST CURRENT YIELDS

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| $ 175 | Mexico | 18¼ | '97 Jul | 103 | 17.79 | | 17.96 |
| $ 75 | Pemex Petroleos Mexic | 17⅜ | '86 Nov | 98 | 20.42 | | 17.86 |
| $ 75 | Transcanada Pipelines | 17⅛ | '88 Oct | 105 | 14.64 | | 16.75 |
| $ 75 | Genstar | 17⅛ | '89 Oct | 105½ | 15.25 | | 16.59 |
| $ 60 | Gulf States O/s Finan | 17⅛ | '88 Oct | 105½ | 14.64 | | 16.59 |
| $ 75 | Ohio Edison Finance | 17⅛ | '88 Oct | 105¼ | 14.67 | | 16.57 |
| $ 50 | Winnipeg City | 17 | '86 Oct | 102½ | 13.97 | | 16.59 |
| $ 100 | Tenneco Intl | 17 | '87 Oct | 105¼ | 14.89 | | 16.15 |
| $ 50 | Niagara Mohawk Financ | 17 | '87 Sep | 104½ | 14.57 | | 16.84 |
| cn$ 50 | Hudsons Bay | 18 | '89 Feb | 110½ | 15.94 | | 17.56 |
| cn$ 50 | National Financiera | 17½ | '87 Mar | 100¼ | 16.82 | | 17.49 |
| cn$ 50 | Quebec Province | 18 | '87 Oct | 105 | 14.81 | | 17.31 |
| cn$ 40 | Canadian Pacific | 17¼ | '87 Nov | 102½ | 15.87 | | 17.15 |
| cn$ 100 | Feder Business Dev Bk | 17¼ | '86 Oct | 100⅛ | 11.49 | | 17.15 |

## DM STRAIGHT BONDS

### AUSTRALIA

### AUSTRIA

### BELGIUM

### CANADA

### CHINA

### DENMARK

### FINLAND

### FRANCE

### GERMANY

### HUNGARY

### ICELAND

### INDIA

### IRELAND


(Continued on Page 16)

## ZERO-COUPON BONDS

*March 7*

| Security | Final Maturity | Original Offerings Amt | Year | Price | Offered Price |
|---|---|---|---|---|---|
| American Intl Group | 15 Aug 2004 | $ 750 | 1984 | 12 | 19⅝ |
| Asian Develop Bank | 31 Aug 2004 | $ 1000 | 1984 | 10½ | 19⅛ |
| Atlantic Richfield Co | 4 Feb 1992 | $ 800 | 1982 | 25⅝ | 59⅝ |
| Baker Intl Finance | 25 Feb 1992 | $ 275 | 1982 | 24.70 | 54⅝ |
| Beatrice Foods O/s | 9 Feb 1992 | $ 250 | 1982 | 25½ | 54 |
| Campbell Soup O/s Fin | 21 Apr 1992 | $ 200 | 1982 | 27 | 61 |
| Caterpillar Fin Serv | 11 Aug 1992 | $ 300 | 1982 | 24 | 54⅛ |
| Caterpillar Fin Serv | 11 Feb 1994 | $ 140 | 1982 | 19.84 | 48⅞ |
| Centrust Savings Bank | 15 Feb 2010 | $ 1200 | 1985 | 5.995 | 10⅝ |
| Commerzbank | 22 May 1995 | dm 300 | 1985 | 50 | 57⅞ |
| Commerzbank | 4 Aug 2000 | dm 300 | 1985 | 33½ | 41½ |
| Connecticut Mut Life | 11 Sep 2000 | $ 115 | 1985 | 18.88 | 27 |
| Dow Chemical | 30 May 1997 | 1 300 | 1985 | 29 | 32¼ |
| Du Pont Overseas Cap | 11 Feb 1990 | $ 300 | 1982 | 33.90 | 72 |
| Eksportfinans | 3 Oct 1994 | $ 300 | 1984 | 32¼ | 48 |
| Electricite France | 11 Sep 1994 | $ 500 | 1984 | 32⅛ | 48⅞ |
| Exxon Capital | 15 Nov 2004 | $ 1800 | 1984 | 11.65 | 19⅝ |
| Florida Feder Savings | 15 Jul 1995 | $ 160 | 1985 | 24.15 | 42⅝ |
| Gaz De France | 23 Feb 1992 | $ 130 | 1982 | 25.02 | 67⅞ |
| Gaz De France | 1 Mar 1994 | $ 150 | 1982 | 19.88 | 52⅜ |
| General Electric Cred | 17 Feb 1992 | $ 400 | 1982 | 24.03 | 62½ |
| General Electric Cred | 17 Feb 1993 | $ 400 | 1982 | 22.88 | 57⅛ |
| General Electric Cred | 4 Mar 1994 | $ 200 | 1982 | 19⅝ | 53⅝ |
| General Electric Cred | 4 Mar 1995 | $ 300 | 1982 | 17⅛ | 49⅛ |
| General Electric Cred | 18 Jul 1996 | $ 600 | 1984 | 25.55 | 43⅛ |
| General Mills Inc | 15 Aug 2004 | $ 250 | 1984 | 11.03 | 19⅝ |
| General Mills Inc | 15 Aug 2013 | $ 1000 | 1984 | 4.88 | 8 |
| Gmac O/s Finance | 10 Feb 1990 | $ 350 | 1982 | 34 | 72⅝ |
| Gmac O/s Finance | 3 Feb 1992 | $ 250 | 1982 | 25⅛ | 62⅞ |
| Gmac O/s Finance | 1 Oct 1992 | $ 400 | 1982 | 23⅜ | 58⅛ |
| Gulf Oil Finance | 2 Mar 1992 | $ 300 | 1982 | 25.82 | 60 |
| Hewlett-Packard Fin | 2 Jan 1991 | $ 150 | 1985 | 64⅜ | 67 |
| New England Life | 1 Feb 1999 | 3.89 | 1985 | 20⅞ | 31⅛ |
| Nordic Investment Bk | 11 Sep 1994 | $ 150 | 1984 | 31⅞ | 49⅝ |
| Pearson | 7 May 1992 | 1 100 | 1985 | 49⅝ | 52½ |
| Penney Jc Global Fin | 17 Feb 1994 | $ 250 | 1984 | 19½ | 49⅝ |
| Pepsico Capital | 4 Feb 1992 | $ 180 | 1982 | 26 | 63⅞ |
| Pepsico Capital | 5 Mar 1994 | $ 125 | 1984 | 30⅛ | 57⅝ |
| Philip Morris Credit | 22 Feb 1992 | ecu 120 | 1985 | 55.30 | 56⅝ |
| Philip Morris Credit | 8 Jun 1994 | $ 300 | 1982 | 72⅛ | 50⅛ |
| Prudential Realty Sec | 15 Jan 1999 | $ 365 | 1984 | 20.85 | 33 |
| Redland Finance | 25 Apr 1992 | 1 60 | 1985 | 48 | 52⅝ |
| Reynolds RJ O/s | 19 Feb 1992 | $ 400 | 1982 | 25⅞ | 59⅛ |
| Sears Overseas | 18 Feb 1992 | $ 400 | 1982 | 24.72 | 61 |
| Sears Overseas | 27 May 1994 | $ 400 | 1982 | 22.91 | 58 |
| Sears Overseas | 12 Jul 1998 | $ 500 | 1984 | 20⅛ | 33⅞ |
| Swedish Export Credit | 10 Mar 1994 | 1 200 | 1982 | 19.70 | 51⅞ |
| Swedish Export Credit | 11 Sep 1994 | $ 250 | 1984 | 32.925 | 49⅝ |
| Swiss Bank Corp | 14 Nov 1997 | 1 200 | 1984 | 23 | 39⅞ |
| Wells Fargo Intl Fin | 4 Feb 1988 | $ 175 | 1982 | 40⅞ | 84 |
| Xerox Credit O/s Fin | 11 Feb 1992 | $ 250 | 1982 | 25⅞ | 60⅞ |

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Marketmakers in Deutschmark Bonds WestLB
Westdeutsche Landesbank

International Herald Tribune
# BUSINESS/FINANCE
MONDAY, MARCH 10, 1986 * Page 15

هكذا من الأصل

EUROBONDS

## Purchasers Take a Plunge Into Longer-Term Issues

By CARL GEWIRTZ
*International Herald Tribune*

PARIS — The international capital market got what it was looking for last week with half-point cuts in the minimum lending rates of the West German, Japanese and U.S. central banks. But bond prices sagged on the news. The reductions merely validated what the markets had long anticipated.

By late Friday, however, prices in New York had recovered to show a modest gain for the day. "Hardly a runaway success," one banker noted, "but a glimmer that there is more steam left to the long rally" that has carried bond yields to their lowest levels in almost a decade.

As for what happens next, most analysts are confident that the rally will continue after a pause to consolidate the gains achieved in a period of unusual price volatility.

They reason that there is nothing on the horizon threatening to drive interest rates higher. They suspect that the economic growth prospects in the major industrialized countries may be weaker than are now evident — meaning that interest rates may yet have more room to decline.

And, of course, if the inflation premium is cut to reduce the level of "real" interest rates to the historic norm of 2 to 3 percent, then current nominal interest rates still will have a long way to fall given the prevailing low level of inflation in all major countries.

**Eurobond Yields**
**For Week Ended March 5**

| | |
|---|---|
| U.S.$ lg term, Int'l inst. | 8.96 % |
| U.S.$ long term, ind. | 9.81 % |
| U.S.$ medium term, ind. | 9.82 % |
| Can.$ medium term | 10.58 % |
| French Fr. short term | 9.76 % |
| Sterling medium term | 11.20 % |
| Yen medium term, Int'l inst. | 6.23 % |
| Yen lg term, int'l inst. | 6.31 % |
| ECU short term | 8.63 % |
| ECU medium term | 8.97 % |
| ECU long term | 8.92 % |
| EUA medium term | 8.86 % |

*Calculated by the Luxembourg Stock Exchange.*

**Market Turnover**
**For Week Ended March 7**
(Millions of U.S. Dollars)

| | Total | Dollar | Non-dollar Equivalent |
|---|---|---|---|
| Cedel | 26,078.50 | 16,674.70 | 9,403.80 |
| Euroclear | 48,966.50 | 39,690.90 | 9,275.60 |

Meanwhile, it would be a mistake to conclude from last week's lackluster price performance that bond markets shrugged off the rate cuts. In fact, there was a very dramatic development in the stretching out of maturities that investors are now willing to buy.

The Eurodollar bond market saw its first 40-year issue, launched by Swedish Export Credit, and the Eurodeutsche mark sector saw its first full-coupon 30-year issue, issued by the World Bank. Last month, the first 30-year paper in the DM sector was marketed in the form of a zero-coupon bond.

Such long-dated paper is currently the only outlet for yield-hungry investors to maximize their income. From all reports, however, the purchasers are not retail investors planning to lock the bonds away until redemption, but institutional investors whose professional dealers see the paper as good trading instruments.

FOR openers, there is the higher yield. For example, New Zealand last week sold $150 million of seven-year bonds bearing a coupon of 8¼ percent at a price of 99¾. For underwriters earning the full 1⅞-percent commissions paid to market the issue, the notes produced an annual income of 8.67 percent.

But by buying Sweden's $250 million of 30-year bonds, offered at par with a coupon of 8⅜ percent and total commissions of 2½ percent, an underwriter could pick up an additional 20 basis points, or 0.2 percent, annual income. And by buying Swedish Export Credit's $200 million of 40-year bonds, offered at 99½ with a coupon of 8⅜ percent but with fees totaling 2¾ percent, institutions could pick up a further 13 basis points annual income.

This is not insignificant for the many banks who buy deposits paying the London interbank bid rate and who have seen their income eroded because of the compression of interest rates. The difference today between the return on one-month and 30-year money, about 1¼ percentage points, was just over a year ago the difference in costs between one- and six-month money.

In those days, it was easy for banks to buy deposits and make a profit by placing those funds in the market. Today, with rates inverted — the shortest dated money is a touch more expensive than three- or six-month rates — and longer rates flat (only trifling differences for longer maturities), banks are driven to invest in very long-dated paper to earn a profit.

In addition, with rates compressing, dealers have discovered that trading in long-dated paper is much more profitable than trying to make money in the shorter end of the market. Long-term rates have been most volatile, producing bigger and easier profits than could be made in trading the traditional maturities of 5- to 10-year bonds.

The market in U.S. Treasury bonds is the favored playground for these traders. But Eurobonds have their own attraction — higher yields and bigger commissions as well as the time factor,

(Continued on Page 17, Col. 1)

## Creditors, Poland In Accord

### $1.6 Billion Is Rescheduled

*Compiled by Our Staff From Dispatches*

PARIS — Poland and its Western government creditors have formally agreed on rescheduling and restructuring a total of $1.6 billion in outstanding debt repayments including 1986, diplomatic sources have announced.

A two-day meeting here between Poland and the 17 members of the so-called Paris Club of Western creditor nations ended Friday night with an accord allowing Poland to repay its debt obligations over 10 years, including a five-year grace period, the diplomats said Saturday.

The estimated $1.6-billion total includes $550 million in payments originally due at the end of 1985. In January, creditor countries granted an extension until the end of March.

"Poland got everything it wanted," one diplomat said of the latest round of negotiations.

Poland still must reach a final agreement with Western banks on about $800 million in commercial debt repayments falling due this year.

Last month, a working group of 10 commercial banks agreed in principle on rescheduling a substantial part of the $800-million debt.

At the time, banking sources said the working group would wait for the outcome of the Paris meeting before drawing up its final position.

Poland's debt to the West was more than $29 billion at the end of 1985. While the cost of serving the debt will approach $3 billion this year, Poland is expected to earn a foreign-currency surplus of only $1.1 billion on trade with non-Communist countries.

*(Reuters NYT)*

## In Argentina, a Growing Frustration

### Under '85 Plan, Stability, but Not Prosperity

By Lydia Chavez
*New York Times Service*

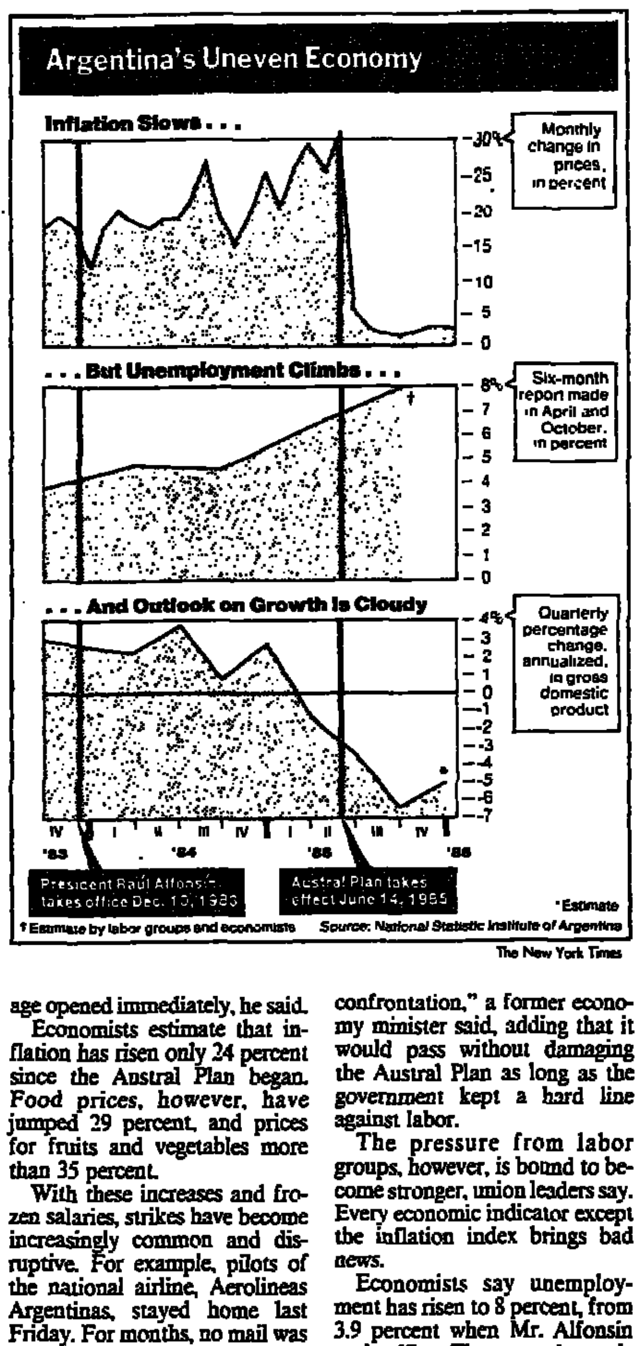
BUENOS AIRES — The sweeping economic plan of wage and price controls that President Raúl Alfonsín introduced here last June 14 has been held up as a model of the way to deal boldly with hyperinflation. Indeed, only two weeks ago Brazil was applauded for introducing a similar program to tackle its own economic problems.

But while Argentina's Austral Plan, named for the new currency issued at the time, has effectively curbed the spiraling prices that had bedeviled the country, it has had problems on other fronts, failing to restore domestic growth and prosperity. Although the road was expected to be hard, there is nonetheless a sense of growing frustration that threatens to curb some of the enthusiasm that made the program work in its early months.

"The serious problem is that the country has not grown in such a long time that people are that much more anxious for growth," said Enrique Szewach, the chief economist at the Foundation of Latin American Economic Research. "The Austral Plan is not a plan for growth but for stabilization."

When the plan was announced, national enthusiasm permitted wage and price controls to work and slow the monthly inflation rate to 2 to 3 percent from 25 to 30 percent, economists say. Waning faith, they add, is now provoking price gouging, scarcity of such products as chicken and eggs, and nearly daily labor strikes.

Typical of the stories Argentines tell is of the businessman who went out to buy beef, but was informed by two butchers that they had none to sell. In frustration, he told a third butcher that he would pay three times the official price. The cold storage opened immediately, he said.



The New York Times

Economists estimate that inflation has risen only 24 percent since the Austral Plan began. Food prices, however, have jumped 29 percent, and prices for fruits and vegetables more than 35 percent.

With these increases and frozen salaries, strikes have become increasingly common and disruptive. For example, pilots of the national airline, Aerolineas Argentinas, stayed home last Friday. For months, no mail was delivered because the postal workers were on strike. Recently, court employees and bus drivers walked out. And now there is talk of a fifth general strike near the end of this month.

"We have entered the stage of confrontation," a former economy minister said, adding that it would pass without damaging the Austral Plan as long as the government kept a hard line against labor.

The pressure from labor groups, however, is bound to become stronger, union leaders say. Every economic indicator except the inflation index brings bad news.

Economists say unemployment has risen to 8 percent, from 3.9 percent when Mr. Alfonsin took office. The gross domestic product, the total value of a nation's goods and services excluding income from foreign investments, fell 4 percent last year, and most economists do not ex-

(Continued on Page 19, Col. 7)

## Big Cut Forecast In OPEC Output In First Quarter

*Reuters*

PARIS — Crude oil production by OPEC countries will average nearly a million barrels a day less in the first three months of this year than in the last quarter of 1985, the International Energy Agency estimated Sunday.

It said total output by the 13 members of the Organization of Petroleum Exporting Countries would slip to an average 16.8 million barrels a day in January-March, compared with 17.6 million in the previous quarter.

The IEA figures showed slight production declines in Libya and Iraq and sharper falls in Iran and Nigeria.

Unrestrained OPEC production in the past three months has helped force world prices down to their lowest since 1979, and OPEC ministers are to meet in Geneva on March 16 to discuss their next moves.

Iran, Libya and Algeria want OPEC to revert to its previous policy of shoring up prices by holding back output. Cuts in production of 300,000 barrels a day by Iran and 100,000 by Libya may reflect this strategy.

But the agency said cuts in production by Iraq and Nigeria could have been due to lengthy discussions on price formulas with potential lifters.

The agency expects output in Saudi Arabia, the largest OPEC exporter, to rise to 4.3 million barrels a day from 4.2 million in the last 1985 quarter, and output by the United Arab Emirates and Qatar to rise by 100,000 barrels each.

Oil consumption in the 24 main industrial countries of the Organization for Economic Cooperation and Development, which fell by 1.7 percent to 34 million barrels a day in 1985, is expected to rise slightly to 34.3 million in 1986, assuming prices stay around February's levels.

"Projections of OECD oil consumption in 1986 have been revised upward, taking into account recent reductions in crude oil and product prices," the report said.

The rise in oil use is likely to be concentrated in the last three quarters of 1986 because of the time needed for lower crude oil prices to be passed through to product prices, it said. In the first quarter, a drop in consumption of around 1 percent is expected.

The report said preliminary estimates indicated that company stocks would be reduced by 1.3 million barrels a day in the first quarter of 1986, in line with normal seasonal trends.

"Company stocks have been drawn down almost continually during the past five years and are now lower than at any other date since 1974," the report said.

### Gulf Group Asks Oil-Price Defense

*The Associated Press*

RIYADH — Oil ministers of the six-nation Gulf Cooperation Council have appealed to oil producers to defend prices, saying the market had reached an "unacceptable level of deterioration."

"The GCC countries are fully prepared to cooperate with all oil producers inside and outside OPEC with a view to averting any further deterioration in prices," the ministers said in a statement on Saturday.

The council, which groups Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman in an economic and defense pact, was preparing for a March 16 emergency conference of the Organization of Petroleum Exporting Countries.

## Smith Seeks Bankruptcy Protection

*Compiled by Our Staff From Dispatches*

NEWPORT BEACH, California — Smith International Inc., one of the world's largest suppliers of oil-drilling tools, equipment and services, has filed for protection under Chapter 11 of the U.S. bankruptcy code three weeks after being ordered to pay $207 million to its major competitor for patent infringement.

Although Smith's fortunes had been falling in recent years along with those of the oil-drilling industry, analysts said the final blow was the court ruling in favor of Hughes Tool Co. It was one of the largest U.S. patent awards ever.

Bankruptcy had long been rumored as a possible course of action for Smith, which was found to have violated Hughes's patents on rubber seals for oil-drilling bits since the early 1970s.

Since the award was announced Feb. 14, Smith has laid off employees and consolidated departments to cut costs. Its worldwide work force has dropped from more than 4,600 in 1981 to about 2,400.

Jerry W. Neely, chairman and chief executive, said Friday that Smith filed the bankruptcy petition so it could bring its assets and operations under federal protection while reorganizing its finances.

He said Smith would operate its businesses normally and added that Smith's subsidiaries were not parties to the bankruptcy petition.

Smith had losses of $94.5 million in 1983 and $68.2 million in 1984, writing off $273 million for the two years. Losses for the first three quarters of 1985 totaled $58.3 million on sales of $524.9 million. Earnings for the fourth quarter of 1985 have not been released.

*(UPI, NYT)*

## Japanese Business Leaders Consider Investment in Caribbean

By Charles D. Sherman
*International Herald Tribune*

MIAMI — With encouragement from the Reagan administration and at the urging of Caribbean heads of state, some of Japan's top business leaders have been personally looking at investment opportunities in the Caribbean Basin.

The United States has made halting efforts to turn the region into a showcase for economic development with the help of the private sector.

Before leaving Miami last week for a 14-day tour of the Caribbean, more than 25 directors and managers from such top Japanese companies as Sumitomo Corp., Mitsui & Co., Ishikawajima-Harima Heavy Industries Co., Fuji Bank Ltd. and Bank of Tokyo, heard sales pitches from U.S. and Caribbean officials.

The chief incentives, the Japanese were told, were low labor costs and a preferential U.S. tariff policy for many commodities and products under President Ronald Reagan's two-year-old Caribbean Basin Initiative.

At a Westinghouse circuit-breaker plant in the Dominican Republic, "the total labor costs, including health benefits, come to 51 cents an hour," Edgar L. Rojas, a commercial attaché at the U.S. Embassy in Santo Domingo, the Dominican capital, told the Japanese.

**Managers of top companies are told that the chief incentives are low labor costs and preferential U.S. tariffs.**

As gifts, Mr. Rojas thrust cigars, protective eyeglasses and computer graphics at his audience. All the products, he said, came from newly created businesses benefiting under the U.S. program.

Japanese investment in the Caribbean has been negligible, according to a Japanese Foreign Ministry official accompanying the tour.

The only significant interest in the islands was the importation of 90 percent of Jamaica's Blue Mountain coffee, he said.

Teruzou Yoshino, president of Shimizu Construction Co., and spokesman for the business delegation, said the companies taking part in the tour managed 60 percent of Japan's imports. He said the group was making a preliminary assessment of investment potential.

Last summer, Prime Minister George Michael Chambers of Trinidad and Tobago and Prime Minister Edward P.G. Seaga of Jamaica visited Tokyo and appealed to Japanese political and business leaders for help in developing their countries.

Mr. Yoshino said the group was to stop in Trinidad and Tobago, Jamaica and the Dominican Republic. The tour was organized by the Foreign Ministry through Japan's Chamber of Commerce, members of the group said. They said they had been issued official government passports, conferring diplomatic status on the businessmen.

According to officials from the State and Commerce departments, the Caribbean Initiative has to date drawn an estimated $200 million in new investment to the region. U.S. trade officials say 35,000 new jobs have been created.

Still, the program, which covers 21 countries in the Caribbean and Central America, has been criticized for failing to help the countries improve their economic infrastructure with new roads, power plants and port facilities.

A State Department aide working to promote the initiative said that the United States had actively encouraged investment from Japan and the European Community.

The Reagan administration has taken the view that greater economic stability and growth in the Caribbean means less social discontent.

Accordingly, it hopes to reduce the chance that the United States will feel forced to intervene militarily in the region as happened in Grenada two years ago and in the Dominican Republic during the 1960s.

U.S. trade officials testifying before Congress last month said that Caribbean exports to the United States had slumped by 23 percent in the past two years.

On a visit to Grenada last month, President Reagan said he would seek to have apparel-manufacturing included under the duty-free provisions of U.S. economic policy in the Caribbean. The apparel must be made from U.S. textiles.

Policy analysts said the change could have a large impact. Textile makers, especially those in Asia whose exports have been sharply cut by U.S. quotas, will have a strong incentive to move some of their operations into the Caribbean.

## As Liability Insurance Grows Scarce in U.S., So Do Directors

By Tamar Lewin
*New York Times Service*

NEW YORK — When Armada Corp. lost its directors and officers insurance earlier this year, causing eight of the 10 members of its board to resign, the Detroit-based manufacturer of alloys and exhaust systems set a special requirement for the replacement candidates: They could not be too rich.

The company reasoned that if the directors were sued and had to pay damages out of their personal assets, Armada could afford to indemnify them only if they did not have many assets.

Armada is not the only company having insurance problems these days. Because of increased litigation, larger court awards and a rapidly shrinking pool of available insurance, many companies can no longer find, or afford, insurance for their directors and officers.

Without insurance coverage, executives and board members may be held personally liable for paying damages to shareholders and others who are harmed by corporate actions.

When no insurer will provide coverage, many companies, including BankAmerica Corp., have found ways to provide their own, either through a captive subsidiary or by creating an insurance consortium with several companies. Such arrangements, however, put extra pressure on the directors when faced with a tough decision such as the one BankAmerica's directors confronted in Sanford I. Weill's proposal last month to become the chief executive officer.

Almost every corporation in the nation — from the largest financial institution to the smallest charitable group — is now feeling the pressure of a shortfall in insurance for directors and officers, business lawyers say. For the first time in memory, some organizations are actually finding they cannot get people to serve.

In a recent survey by Korn-Ferry International, a management search firm, one in five companies surveyed said a qualified candidate had turned down an invitation to join the board, and 96 percent of the chief executives polled said they would reduce the number of directorships they accepted because of increased liability.

Most companies are experiencing a double blow: The amount of coverage they can get has been cut drastically, from $50 million to $150 million last year to $10 million to $35 million this year, while the premiums they must pay for even that reduced coverage have increased as much as tenfold. And in certain industries — such as steel, petroleum and electronics — there may be a problem simply finding an insurer.

For some, like Armada, losing insurance has meant losing directors. In the last six months alone, Control Data Corp., Continental Steel Corp., Lear Petroleum Corp., South Texas Drilling and Exploration Inc. and Sykes Datatronics have all lost directors when their insurance ended.

Other companies are paying so much for insurance — millions of dollars in premiums, in some cases — that they worry they are wasting corporate assets.

The crunch in the insurance, known in the industry as D and O insurance, is also causing a subtle shift in the sort of people who are willing to serve on boards and the sort of decisions they make.

"There is a real risk of overcaution," said Martin Lipton, a New York lawyer specializing in takeovers.

Ira Millstein, a New York lawyer who counsels, and sits on, several boards, agrees: "When companies are facing serious financial problems, like bankruptcy, or layoffs or whatever, that's the moment when they most need good judgment by their board of directors. But that's also the moment that they discover their D and O insurance is being canceled."

"At that point, it's tough to keep the good directors on the board," he continued. "Even if they stay, the lack of insurance has got to have an impact on them as they make their decisions. Just at the moment when they might need some risk-taking, they're going to go for safety."

And companies with insurance may not have enough coverage to make their directors feel comfortable.

"Where it used to be possible to get $200 million of coverage for a client, it would now be an outstanding feat to put together $35 million," said John Foley, vice president of Alexander & Alexander, the insurance brokerage.

## Last Week's Markets

*All figures are as of close of trading Friday*

### Stock Indexes

| | Last Wk. | Prev.Wk. | Ch'ge |
|---|---|---|---|
| **United States** | | | |
| DJ Indus. | 1699.83 | 1709.06 | —0.54 % |
| DJ Util. | 181.83 | 185.83 | —2.20 % |
| DJ Trans. | 791.34 | 792.26 | —0.12 % |
| S & P 100 | 215.05 | 217.57 | —1.17 % |
| S & P 500 | 225.57 | 226.92 | —0.60 % |
| NYSE Co. | 130.38 | 130.74 | —0.28 % |
| **Britain** | | | |
| FTSE 100 | 1569.70 | 1543.90 | +1.67 % |
| FT 30 | 1302.60 | 1277.40 | +1.97 % |
| **Hong Kong** | | | |
| Hang Seng | 1682.45 | 1695.30 | —0.75 % |
| **Japan** | | | |
| Nikkei 225 | 13994.60 | 13640.83 | +2.60 % |
| **West Germany** | | | |
| Commerzbk | 1991.20 | 1913.70 | +4.05 % |

*Source: James Capel & Co. London.*

### Money Rates

| | Last Wk. | Prev.Wk. |
|---|---|---|
| **United States** | | |
| Discount rate | 7 | 7½ |
| Federal funds rate | 7¼ | 7⅞ |
| Prime rate | 9 | 9½ |
| **Japan** | | |
| Discount | 4 | 4½ |
| Call money | 5 13/16 | 6 |
| 60-day interbank | 5 15/16 | 5 15/16 |
| **West Germany** | | |
| Lombard | 5.50 | 5.50 |
| Overnight | 5.50 | 5.60 |
| 1-month interbank | 4.50 | 4.30 |
| **Britain** | | |
| Bank base rate | 12½ | 12½ |
| Call money | n.a. | 11 15/16 |
| 3-month interbank | — | 11 31/32 |

| Dollar | Last Wk. | Prev.Wk. | Ch'ge |
|---|---|---|---|
| Bk Engl Index | 118.00 | 117.80 | +0.17 % |
| **Gold** | | | |
| London p.m. fix, $ | 343.35 | 338.15 | +1.54 % |

## Currency Rates

### Cross Rates

March 7

| | $ | £ | D.M. | F.F. | It.L. | Gldr. | B.F. | S.F. | Yen |
|---|---|---|---|---|---|---|---|---|---|
| Amsterdam | 2.5315 | 3.671 | 112.965 * | 34.705 * | 0.1659 * | — | 5.515 * | 133.45 * | 141.81 y |
| Brussels(a) | 45.906 | 66.56 | 20.4825 | 6.656 | 3.011 * | 18.135 | — | 24.222 | 25.57 * |
| Frankfurt | 2.2403 | 3.25 | — | 32.50 * | 1.4695 x | 88.54 * | 4.882 * | 118.215 * | 1.249 * |
| London (b) | 1.4543 | — | 3.256 | 9.9835 | 2,213.00 | 3.6755 | 66.68 | 2.741 | 260.775 |
| Milan | 1,525.00 | 2,209.65 | 680.30 | 221.14 | — | 602.59 | 33.207 | 804.63 | 8.50 |
| New York(c) | — | 0.688 = | 2.2365 | 6.882 | 1,523.00 | 2.526 | 45.815 | 1.894 | 179.25 |
| Paris | 6.8955 | 9.995 | 3.077 | — | 4.5215 x | 2.7242 | 15.0235 * | 3.6376 | 3.839 * |
| Tokyo | 179.60 | 258.26 | 80.07 | 26.03 | 11.80 * | 70.90 | 390.94 * | 94.73 | — |
| Zurich | 1.8855 | 2.7567 | 84.625 * | 27.485 * | 0.1239 * | 74.915 * | 4.11 * | — | 1.052 * |
| 1 ECU | 0.9609 | 0.6627 | 2.1546 | 6.6294 | 1,466.13 | 2.4338 | 44.1305 | 1.8225 | 172.246 |
| 1 SDR | 1.15071 | 0.79565 | N.Q. | N.Q. | 1,754.83 | 2.913 | 52.8920 | 2.1812 | 206.61 |

*Closings in London and Zurich, fixings in other European centers. New York rates at the close. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. (=) To buy one pound: $U.S.1.4535*

### Other Dollar Values

| Currency | per U.S.$ | Currency | per U.S.$ | Currency | per U.S.$ | Currency | per U.S.$ |
|---|---|---|---|---|---|---|---|
| Argen. austral | 0.80 | Fin. markka | 5.111 | Mex. peso | 468.00 | Soviet ruble | 0.7135 |
| Austral. $ | 1.4294 | Greek drac. | 139.25 | Norw. krone | 7.12 | Span. peseta | 141.25 |
| Austr. schil. | 15.75 | Hong Kong $ | 7.8076 | Phil. peso | 21.40 | Swed. krona | 7.205 |
| Belg. fin. fr. | 46.15 | Indian rupee | 12.2699 | Port. escudo | 148.00 | Taiwan $ | 39.10 |
| Brazil cruz. | 13.77 | Indo. rupiah | 1,129.00 | Saudi riyal | 3.6518 | Thai baht | 26.355 |
| Canadian $ | 1.4075 | Irish £ | 0.7427 | Sing. $ | 2.1575 | Turkish lira | 593.50 |
| Chinese yuan | 3.2079 | Israeli shek. | 1.48 | S. Afr. rand | 1.9881 | UAE dirham | 3.6725 |
| Danish krone | 8.265 | Kuwaiti dinar | 0.2841 | S. Kor. won | 883.80 | Venez. boliv. | 18.75 |
| Egypt. pound | 1.31 | Malay. ring. | 2.517 | | | | |

£ Sterling: 1.0767 Irish £

*Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.*

## Canadian Firm Loses Gold Mine

*Reuters*

TORONTO — A Canadian gold-mining company has been ordered to surrender ownership of an Ontario mine worth more than $2 billion after a five-month trial in the Ontario Supreme Court.

Judge R.E. Holland on Friday ordered LAC Minerals Ltd. to hand over ownership of the 400-acre (160-hectare) property to a competitor, International Corona Resources Ltd. Corona had alleged that LAC violated an agreement to develop the mine jointly.

Judge Holland also ordered LAC to surrender all its profits from the mine, plus interest. He valued this portion of the award at $497 million. Corona was ordered to pay LAC $109 million in mine development costs. LAC said it would appeal.

**SELECTED U.S.A./O.T.C. QUOTATIONS**

| | BID | ASK |
|---|---|---|
| Apollo Comp. | 15 | 15¼ |
| Mr Gasket | 7¾ | 7⅞ |
| Bitter Corp. | 6 | 6½ |
| Modulaire | 13½ | 13⅞ |
| Rodime | 12⅛ | 12⅜ |

WITH COMPLIMENTS OF CONTINENTAL AMERICAN

We have the pleasure to inform you that
**GUILLAUME DE RHAM**
**has been appointed Managing Director of Holland Intertrust N.V. and General Manager of our Geneva office effective March 3, 1986.**

HOLLAND INTERTRUST N.V.
16, RUE DE LA PÉLISSERIE, P.O. BOX 348, 1211 GENEVA 3, SWITZERLAND. TEL. (022) 21 52 55, TLX 423144 HTR CH.

# International Bond Prices

(Continued from Page 14)

| Amt | Security | % | Mat | Middle Price | Yield Mat | Yield Ave Life | Yield Curr |
|---|---|---|---|---|---|---|---|
| dm 150 | Ireland | 8 | '94 Oct | 107¾ | 6.77 | | 7.42 |
| dm 200 | Ireland | 7¾ | '95 Feb | 104⅛ | 6.72 | | 7.87 |
| dm 300 | Ireland | 6⅞ | '95 Nov | 100⅝ | 6.76 | | 6.82 |
| dm 150 | Ireland Pp | 6⅝ | '96 Feb | 97 | 7.02 | | 6.94 |
| dm 150 | Ireland | 7¾ | '97 May | 106⅞ | 6.85 | | 7.25 |
| | **ITALY** | | | | | | |
| dm 100 | Azienda Nazion-Strade | 8¼ | '88 Jan | 105 | 5.82 | | 7.86 |
| dm 100 | Consorzio Di Credito | 8½ | '91 Jan | 104 | 7.47 | 6.89 | 8.17 |
| dm 100 | Crediop Credito Opere | 8 | '91 Jan | 103½ | 7.11 | 6.58 | 7.73 |
| dm 150 | Ferrovie Dello Stato | 8¾ | '88 Mar | 105½ | 5.74 | | 8.29 |
| dm 100 | Ferrovie Dello Stato | 8 | '91 Apr | 107½ | 6.27 | | 7.44 |
| dm 100 | Olivetti Intl (lux) | 8¼ | '91 Jan | 106⅝ | 6.56 | | 7.73 |
| | **JAPAN** | | | | | | |
| dm 50 | Bank Of Tokyo Cura Pp | 8⅜ | '87 Jun | 102½ | 6.17 | | 8.17 |
| dm 100 | Bank Of Tokyo Curacao | 7¼ | '90 Feb | 104¼ | 5.99 | | 6.95 |
| dm 300 | Dai-Ichi Kangyo Bank | 6½ | '96 Feb | 99¾ | 6.53 | | 6.52 |
| dm 125 | Fuji Electric Co W/w | 3½ | '90 Apr | 120 | 1.59 | | 2.60 |
| dm 100 | Fuji Intl Finance Hk | 7¼ | '92 Feb | 105½ | 6.40 | | 7.35 |
| dm 200 | Honda Motor Co X/w | 3⅝ | '90 Mar | 116¼ | 1.76 | | 3.11 |
| dm 250 | Honda Motor Co X/w | 3⅝ | '90 Mar | 91½ | 5.88 | | 3.69 |
| dm 100 | Indust Bank Japan Pp | 7½ | '89 Feb | 103½ | 6.16 | | 7.25 |
| dm 100 | Japan Airlines | 8¼ | '87 Nov | 102 | 6.80 | | 7.97 |
| dm 100 | Japan Develop Bank | 7⅝ | '87 Sep | 103⅝ | 5.26 | | 7.38 |
| dm 100 | Japan Develop Bank | 7½ | '96 Jul | 104⅝ | 5.84 | | 7.07 |
| dm 100 | Japan Finance Municip | 7⅝ | '91 Jul | 106 | 6.25 | | 7.19 |
| dm 100 | Japan Finance Municip | 6⅜ | '92 Dec | 101¼ | 6.04 | | 6.37 |
| dm 81 | Jusco Co Ltd W/w | 5¾ | '88 Feb | 248 | 23.22 | | 2.40 |
| dm 100 | Kansai Electric Power | 7¾ | '86 May | 100½ | 4.26 | 4.20 | 7.71 |
| dm 100 | Kobe City | 5¾ | '86 Jul | 100½ | 4.86 | | 5.72 |
| dm 100 | Kobe City | 6¾ | '87 May | 101¼ | 5.58 | 4.97 | 6.67 |
| dm 100 | Kobe City | 6½ | '87 Jun | 100¾ | 5.82 | | 6.45 |
| dm 250 | Kobe City | 7⅝ | '89 Oct | 103 | 6.15 | | 6.92 |
| dm 100 | Kobe City | 8 | '90 Jul | 101⅞ | 7.46 | | 7.85 |
| dm 120 | Kobe City | 7 | '93 Jun | 102⅝ | 6.50 | | 6.81 |
| dm 100 | Kubota Ltd | 7⅝ | '90 Apr | 103⅝ | 6.44 | 6.22 | 7.14 |
| dm 100 | Long-Term Credit Bank | 8 | '90 Aug | 104⅝ | 6.83 | | 7.62 |
| dm 25 | Marugen Showa W/w | 2⅞ | '90 Dec | 142 | 4.69 | | 2.02 |
| dm 150 | Mitsubishi Heavy | 7⅝ | '87 Dec | 103⅝ | 5.28 | | 7.35 |
| dm 300 | Mitsubishi Heavy W/w | 3½ | '89 Apr | 177 | 14.55 | | 1.98 |
| dm 300 | Mitsubishi Heavy X/w | 3½ | '89 Apr | 94¼ | 5.59 | | 3.71 |
| dm 100 | Mitsubishi Metal W/w | 3⅝ | '89 Dec | 146 | 7.48 | | 2.55 |
| dm 100 | Nippon Credit Bank | 7¼ | '91 Apr | 103¾ | 6.36 | | 6.99 |
| dm 200 | Nippon Shinpan W/w | 3¼ | '90 Jan | 170 | 10.54 | | 1.91 |
| dm 200 | Nippon Shinpan X/w | 3¼ | '90 Jan | 91 | 5.93 | | 3.57 |
| dm 150 | Nippon Steel Corp | 6⅝ | '89 Dec | 102½ | 5.67 | | 6.52 |
| dm 100 | Nippon Telegra Teleph | 5½ | '87 Feb | 100½ | 4.91 | | 5.42 |
| dm 50 | Rhythm Watch W/w | 5⅝ | '88 Jul | 131½ | 6.39 | | 4.32 |
| dm 50 | Rhythm Watch X/w | 5⅝ | '88 Jul | 100⅝ | 5.58 | | 5.62 |
| dm 100 | Sumitomo Finance Asia | 7¾ | '90 Nov | 104⅛ | 6.65 | 5.98 | 7.43 |
| dm 100 | Sumitomo Finance Asia | 8 | '91 Aug | 106¼ | 6.57 | | 7.53 |
| | **LUXEMBOURG** | | | | | | |
| dm 100 | Bhf-Bank Finance W/w | 6¼ | '91 Jan | 102 | 5.76 | | 6.13 |
| dm 100 | Bhf-Bank Finance X/w | 6¼ | '91 Jan | 99 | 6.49 | | 6.31 |
| dm 150 | Bhf-Bank Finance W/w | 7 | '95 Jul | 146 | 1.65 | | 4.79 |
| dm 100 | Soc Centr Nucleaires | 8 | '91 Jul | 105⅝ | 6.67 | | 7.57 |
| dm 100 | Soc Centr Nucleaires | 7⅜ | '94 Nov | 104½ | 6.67 | | 7.06 |
| dm 150 | Soc Centr Nucleaires | 7¼ | '95 Jul | 103⅛ | 6.78 | | 7.03 |
| dm 150 | Soc Centr Nucleaires | 7 | '95 Dec | 102¾ | 6.60 | | 6.81 |
| | **MEXICO** | | | | | | |
| dm 100 | Mexico | 7¼ | '88 Jan | 100 | 7.23 | 7.20 | 7.25 |
| dm 100 | Banco Nacional Obras | 8 | '86 Nov | 102½ | 3.99 | 3.97 | 7.80 |
| dm 150 | Comision Fed Electric | 6⅝ | '88 Apr | 97½ | 8.30 | 9.79 | 6.92 |
| dm 150 | Nacional Financiera | 11 | '90 Mar | 106 | 9.14 | | 10.38 |
| dm 150 | Pemex Petroleos Mexic | 11 | '90 Feb | 105⅝ | 9.37 | | 10.40 |
| | **MISCELLANEOUS** | | | | | | |
| dm 100 | Arab Banking Corp | 8 | '88 Sep | 104 | 6.21 | | 7.69 |
| dm 120 | Ind Minin Dev Bk Iran | 7¼ | '87 Jul | 99½ | 8.32 | 8.41 | 7.81 |
| dm 100 | Korea Exchange Bank | 7¼ | '90 Nov | 100¾ | 7.04 | | 7.20 |
| dm 100 | Malaysia | 8¼ | '90 May | 102¾ | 7.45 | | 8.03 |
| dm 100 | Malaysia | 7½ | '95 Jun | 101½ | 7.32 | | 7.42 |
| dm 150 | Megal Finance | 6⅝ | '90 Jan | 99¼ | 6.47 | 6.59 | 6.30 |
| dm 150 | Megal Finance | 8¼ | '94 Jan | 107 | 7.05 | 6.99 | 7.71 |
| dm 150 | Megal Finance | 7¾ | '97 Aug | 103½ | 6.79 | | 7.00 |
| dm 100 | Trans Europe Natur Gas | 8 | '93 Nov | 103 | 7.46 | 7.13 | 7.77 |
| | **NETHERLANDS** | | | | | | |
| dm 200 | Baxter Travenol Intl | 7¼ | '94 Feb | 106¼ | 6.23 | | 6.82 |
| dm 100 | Commodore Finance | 7½ | '92 Jan | 87½ | 10.46 | | 8.57 |
| dm 100 | Estel (hoesch-Hoogov) | 7⅝ | '88 Aug | 101 | 7.25 | 7.80 | 7.67 |
| dm 150 | Hoogovens | 7⅝ | '95 Jun | 103⅜ | 6.81 | | 7.11 |
| dm 100 | Nederlandse Gasunie | 8 | '86 Dec | 101½ | 6.32 | 6.33 | 7.91 |
| dm 75 | Philips Gloeilamp Pp | 9⅜ | '86 Dec | 102¼ | 5.95 | | 9.49 |
| dm 250 | Philips Gloeilamp W/w | 3½ | '91 Dec | 128½ | 1.26 | | 2.72 |
| dm 100 | Philips Gloeilampen | 8½ | '92 Jan | 108½ | 7.12 | | 7.96 |
| dm 200 | Robobank Nederland | 7¼ | '94 Oct | 106½ | 6.40 | | 7.16 |
| | **NEW ZEALAND** | | | | | | |
| dm 100 | New Zealand | 7½ | '86 May | 100¾ | 2.44 | 2.36 | 7.44 |
| dm 100 | New Zealand | 7¾ | '86 Nov | 101½ | 5.28 | 5.27 | 7.64 |
| dm 200 | New Zealand | 6⅝ | '87 Jan | 100¾ | 3.26 | | 6.28 |
| dm 100 | New Zealand | 7 | '87 Feb | 101½ | 5.34 | 5.25 | 6.90 |
| dm 100 | New Zealand | 9¼ | '87 Jul | 105 | 5.30 | | 8.81 |
| dm 200 | New Zealand | 7⅝ | '87 Sep | 101¼ | 6.20 | | 7.84 |
| dm 200 | New Zealand | 7⅝ | '88 Jul | 102¼ | 6.78 | | 7.70 |
| dm 150 | New Zealand | 8¼ | '89 Oct | 105⅛ | 6.53 | | 7.84 |
| dm 200 | New Zealand | 9¾ | '89 Dec | 111¼ | 6.56 | | 8.76 |
| dm 250 | New Zealand | 7¼ | '91 Apr | 104½ | 6.19 | | 6.94 |
| dm 250 | New Zealand | 7¼ | '91 Oct | 104⅝ | 6.19 | | 6.91 |
| | **NORWAY** | | | | | | |
| dm 50 | Ardal Og Sunndal Pp | 10 | '87 Dec | 104 | 7.42 | | 9.62 |
| dm 75 | Ardal Og Sunndal Verk | 10¼ | '89 Jul | 104⅝ | 9.00 | | 10.26 |
| dm 50 | Bergen City | 7¼ | '89 Feb | 102 | 6.46 | 6.18 | 7.11 |
| dm 50 | Den Norske Industribk | 6⅝ | '89 Jun | 102¼ | 5.95 | 5.34 | 6.48 |
| dm 125 | Den Norske Industribk | 6 | '90 May | 100¼ | 5.92 | 5.86 | 5.97 |
| dm 60 | Norges Hypotekforenin | 6 | '89 Nov | 100 | 5.99 | 5.99 | 6.00 |
| nd 220 | Norges Kommunalbank | 8⅝ | '87 Mar | 102½ | 6.06 | 6.04 | 8.54 |
| dm 150 | Norges Kommunalbank | 6⅝ | '89 Jan | 102¼ | 5.36 | 5.01 | 6.43 |
| dm 100 | Norges Kommunalbank | 7 | '89 Apr | 102⅝ | 6.17 | 5.58 | 6.85 |
| dm 100 | Norges Kommunalbkn Pp | 7¾ | '89 Aug | 100¼ | 7.10 | 6.96 | 7.73 |
| dm 200 | Norges Kommunalbank | 6 | '89 Dec | 100½ | 5.84 | 5.75 | 5.97 |
| dm 100 | Norges Kommunalbank | 6 | '90 Aug | 100½ | 5.86 | 5.77 | 5.97 |
| dm 100 | Norges Kommunalbank | 7¼ | '91 Jul | 102⅛ | 6.98 | 6.49 | 7.51 |
| dm 150 | Norges Kommunalbank | 7⅝ | '94 Dec | 104 | 7.49 | 7.24 | 7.93 |
| dm 100 | Norpipe | 8 | '88 Jun | 102⅝ | 6.92 | 5.73 | 7.83 |
| dm 200 | Norpipe | 6 | '89 Nov | 100 | 5.97 | 5.98 | 6.00 |
| dm 150 | Norsea Gas | 7⅝ | '88 Dec | 101½ | 6.61 | 6.29 | 7.16 |
| dm 150 | Norsea Gas | 7 | '89 Jul | 102⅝ | 5.88 | 5.37 | 6.78 |
| dm 150 | Norsk Hydro | 6⅝ | '89 Jan | 104 | 5.36 | 4.50 | 6.49 |
| dm 100 | Norsk Hydro | 8⅝ | '92 Jan | 105⅝ | 7.36 | 7.85 | 8.06 |
| dm 100 | Norsk Hydro | 9 | '92 Sep | 107½ | 7.48 | 7.12 | 8.37 |
| dm 100 | Oslo City | 7½ | '87 Jan | 100⅝ | 6.81 | 6.81 | 7.46 |
| dm 70 | Oslo City | 9 | '87 Mar | 104⅝ | 3.86 | 3.83 | 8.58 |
| dm 80 | Oslo City | 8¼ | '90 Mar | 104 | 6.97 | 6.20 | 8.25 |
| dm 90 | Oslo City | 6⅜ | '90 Jul | 102¼ | 6.02 | 5.52 | 6.57 |
| dm 100 | Oslo City | 7¾ | '93 Mar | 108 | 6.30 | 5.76 | 7.18 |
| dm 100 | Statoil Den Norske | 6 | '88 Sep | 101½ | 5.22 | 5.80 | 5.91 |
| dm 150 | Statoil Den Norske | 6½ | '89 Mar | 101 | 6.12 | 5.98 | 6.44 |
| dm 35 | Trondheim City | 5¾ | '88 Apr | 100½ | 5.48 | 5.25 | 5.72 |
| | **PORTUGAL** | | | | | | |
| dm 150 | Portugal | 7¾ | '92 May | 104⅛ | 6.78 | | 7.40 |
| dm 250 | Portugal | 7 | '93 Sep | 101½ | 6.73 | | 6.90 |
| | **SOUTH AFRICA** | | | | | | |
| dm 200 | South Africa | 8½ | '91 Dec | 100 | 8.49 | | 8.50 |
| dm 250 | South Africa | 7¾ | '92 Dec | 93¾ | 8.98 | | 8.27 |
| dm 100 | Escom Electr Supply | 6⅝ | '87 Sep | 97¼ | 7.87 | 8.72 | 6.57 |
| dm 100 | Escom Electr Supply | 9¼ | '87 Nov | 103 | 7.21 | | 8.98 |
| dm 100 | Escom Electr Supply | 7 | '88 May | 100 | 6.98 | 6.97 | 7.00 |
| dm 150 | Escom Electr Supply | 8½ | '89 Jan | 101⅛ | 8.12 | | 8.40 |
| dm 100 | Escom Electr Supply | 9¼ | '90 Jan | 104 | 8.02 | | 9.13 |
| dm 150 | Escom Electr Supply | 8 | '92 Apr | 100 | 8.00 | | 8.00 |
| dm 100 | Escom Electr Supply | 8¼ | '92 Sep | 100¼ | 8.18 | | 8.23 |
| dm 200 | Escom Electr Supply | 8⅛ | '93 Apr | 94¼ | 9.29 | | 8.71 |
| dm 100 | Iscor Iron Steel | 7⅝ | '86 Jun | 100½ | 5.40 | 5.44 | 7.71 |
| dm 100 | Iscor Iron Steel | 7 | '87 Apr | 100½ | 6.49 | 5.59 | 6.97 |
| dm 100 | Iscor Iron Steel | 7 | '88 Mar | 99¼ | 7.42 | 7.51 | 7.05 |
| dm 100 | Iscor Iron Steel | 8 | '88 Mar | 101¼ | 7.73 | | 8.00 |
| dm 100 | Iscor Iron Steel | 8⅛ | '88 Nov | 102 | 7.61 | 7.13 | 8.33 |
| dm 80 | Johannesburg City | 7 | '88 Sep | 100½ | 6.78 | 6.79 | 7.96 |
| dm 40 | Johannesburg City | 10 | '86 Oct | 101 | 7.96 | | 9.90 |
| dm 100 | Johannesburg City | 6⅜ | '87 Sep | 98½ | 7.31 | 7.88 | 6.35 |
| dm 100 | Post Telecom Pretoria | 7⅛ | '90 Jul | 97½ | 8.44 | | 7.95 |
| dm 100 | Post Telecom Pretoria | 9 | '90 Oct | 102⅝ | 8.22 | | 8.76 |
| dm 100 | Post Telecom Pretoria | 8⅜ | '91 Jan | 99½ | 8.48 | | 8.42 |
| dm 100 | Post Telecom Pretoria | 8 | '93 Jul | 94½ | 9.04 | | 8.47 |
| dm 100 | South Africa Railways | 7½ | '88 Jun | 100 | 7.48 | 7.45 | 7.50 |
| dm 100 | South Africa Transpor | 7⅝ | '92 Nov | 92¾ | 9.10 | | 8.22 |
| dm 150 | South Africa Transpor | 8 | '93 Jun | 96¼ | 8.70 | | 8.31 |
| | **SOUTH AMERICA** | | | | | | |
| dm 150 | Argentina | 7½ | '89 May | 100 | 7.49 | 7.48 | 7.50 |
| dm 100 | Brazil | 8⅝ | '86 Oct | 100½ | 7.67 | 7.67 | 8.71 |
| dm 150 | Brazil | 7¼ | '87 Jan | 100 | 7.20 | | 7.25 |
| dm 150 | Brazil | 8 | '87 Aug | 101⅛ | 6.89 | | 7.89 |
| dm 100 | Brazil | 6¾ | '87 Oct | 100 | 6.71 | 6.72 | 6.75 |
| dm 150 | Brazil | 9¼ | '88 Jun | 102½ | 7.95 | | 9.02 |
| dm 250 | Venezuela | 6 | '88 Mar | 98¾ | 6.69 | 6.83 | 6.08 |
| dm 150 | Venezuela | 6½ | '90 Nov | 95 | 7.81 | 8.37 | 6.84 |
| dm 150 | Venezuela | 9¾ | '90 Nov | 104 | 8.65 | 8.21 | 9.38 |
| dm 100 | Bnde (brazil) | 8½ | '87 Apr | 104 | 4.57 | 3.38 | 8.17 |
| dm 150 | Comp Energ Sao Paulo | 7 | '87 Nov | 99½ | 7.30 | 7.49 | 7.04 |
| dm 150 | Eletrobras | 6¾ | '86 Apr | 99¾ | 10.22 | | 6.77 |
| dm 100 | Eletrobras | 7 | '87 Feb | 100¼ | 6.68 | | 6.98 |
| dm 150 | Eletrobras | 7 | '87 Sep | 100 | 6.96 | 7.00 | 7.00 |
| dm 150 | Ligth-Servicos Brazil | 6¾ | '86 May | 99¾ | 8.22 | | 6.77 |
| dm 125 | Ligth-Servicos Brazil | 8½ | '90 Jan | 100¾ | 8.25 | 8.10 | 8.44 |
| dm 100 | Petrobras | 7 | '88 Oct | 99 | 7.41 | 7.46 | 7.07 |
| dm 125 | Petrobras | 8 | '89 Oct | 100⅜ | 7.81 | 7.72 | 7.96 |
| | **SPAIN** | | | | | | |
| dm 200 | Spain | 6 | '88 May | 101½ | 5.42 | | 5.93 |
| dm 200 | Spain | 8¼ | '92 Aug | 108⅛ | 6.57 | | 7.60 |
| dm 200 | Spain | 7⅝ | '95 May | 107½ | 6.51 | | 7.09 |
| dm 100 | Aumar | 7½ | '88 Feb | 102⅝ | 5.92 | 5.39 | 7.30 |
| dm 100 | Autopistas | 8 | '86 Oct | 101½ | 5.17 | 5.17 | 7.88 |
| dm 100 | Autopistas | 6¾ | '87 Oct | 102½ | 5.03 | 4.30 | 6.59 |
| dm 100 | Europistas | 6 | '87 Jan | 101⅞ | 4.03 | 4.03 | 7.88 |
| dm 100 | Fenosa | 7⅝ | '92 Jan | 100⅝ | 6.85 | | 7.52 |
| dm 100 | Renfe Red Nacional | 8⅛ | '91 May | 106½ | 6.72 | | 7.75 |
| dm 100 | Renfe Red Nacional | 10 | '92 May | 119⅛ | 6.88 | | 8.46 |
| dm 100 | Renfe Red Nacional | 7¾ | '95 May | 105⅝ | 6.88 | | 7.33 |
| dm 100 | Telefonica Nacional | 8¼ | '93 Jan | 107½ | 6.89 | | 7.67 |
| | **SUPRANATIONAL** | | | | | | |
| dm 100 | African Develop Bank | 7¾ | '86 Jun | 100½ | 5.48 | | 7.71 |
| dm 100 | African Develop Bank | 8 | '87 Nov | 103 | 6.00 | | 7.77 |
| dm 100 | African Develop Bank | 10 | '89 Oct | 112½ | 5.96 | | 8.89 |
| dm 100 | African Develop Bank | 8 | '91 Apr | 105½ | 6.69 | | 7.58 |
| dm 100 | Asian Develop Bank | 5½ | '88 May | 101 | 4.99 | | 5.45 |
| dm 100 | Asian Develop Bank | 7¼ | '89 Aug | 103 | 6.23 | | 7.04 |
| dm 100 | Asian Develop Bank | 10⅜ | '89 Oct | 113 | 6.56 | | 9.51 |
| dm 200 | Asian Develop Bank | 10 | '90 May | 107 | 7.94 | | 9.35 |
| dm 100 | Asian Develop Bank | 8⅜ | '90 Nov | 105½ | 6.69 | | 7.84 |
| dm 200 | Asian Develop Bank | 7⅝ | '91 Mar | 104⅞ | 6.15 | | 7.27 |
| dm 100 | Asian Develop Bank | 10 | '91 Apr | 109 | 7.91 | | 9.17 |
| dm 100 | Asian Develop Bank Pp | 7½ | '91 Oct | 103 | 6.82 | | 7.28 |
| dm 100 | Asian Develop Bank | 9¼ | '92 Apr | 113⅛ | 6.54 | | 8.17 |
| dm 150 | Asian Develop Bank | 9¼ | '92 Aug | 114 | 6.51 | | 8.11 |
| dm 150 | Asian Develop Bank | 8¼ | '92 Nov | 108⅛ | 6.63 | | 7.48 |
| dm 100 | Asian Develop Bank Pp | 8 | '93 Jan | 106 | 7.15 | | 7.78 |
| dm 100 | Asian Develop Bank | 8⅜ | '93 Nov | 109⅛ | 6.85 | | 7.73 |
| dm 200 | Asian Develop Bank | 7¾ | '94 Apr | 106⅝ | 6.64 | | 7.26 |
| dm 250 | Asian Develop Bank | 8 | '94 Sep | 108⅛ | 6.76 | | 7.42 |
| dm 200 | Asian Develop Bank | 6½ | '95 Oct | 101¼ | 6.32 | | 6.42 |
| dm 200 | Asian Develop Bank | 7⅝ | '97 Apr | 106½ | 6.64 | | 7.14 |

**SWEDEN**

**SWITZERLAND**

**UNITED KINGDOM**

**UNITED STATES AMERICA**

## EURO CURRENCY UNITS

## CANADIAN DOLLARS

## FRENCH FRANCS

## JAPANESE YEN (EURO)

## NORWAY KRONERS

## POUNDS STERLING

# NASDAQ National List

*OTC consolidated trading for week ended Friday.*

## CONVERTIBLE BONDS

### EUROPE

### JAPAN

### MISCELLANEOUS

### UNITED STATES AMERICA

## HIGHEST CURRENT YIELDS

**On convertibles having a conversion premium of less than 10%.**

## Explanation of Symbols

| | | | |
|---|---|---|---|
| CN$ | Canadian Dollar | SDR | Special Drawing Rights |
| ECU | European Currency Unit | Y | Yen |
| EUA | European Unit of Account | LFR | Luxembourg Franc |
| L | Pound Sterling | SFR | Swiss Franc |
| DM | Deutsche Mark | FF | French Franc |
| NKD | Norwegian Kroner - DM | | |

# New Eurobond Issues

*Compiled by Laurence Desvilettes from information supplied by European bond traders.*

| Issuer | Amount (millions) | Mat. | Coup. % | Price | Price end week | Terms |
|---|---|---|---|---|---|---|
| **FLOATING RATE NOTES** | | | | | | |
| Milk Marketing Board | £75 | 1993 | 1/16 | 100 | 99.70 | Over 3-month Libor. Callable at par in 1991. Fees 0.50%. |
| **FIXED-COUPON** | | | | | | |
| Algemene Bank Nederland | $150 | 1991 | 8½ | 101 | 99.88 | Noncallable. Fees 1⅞%. |
| Bank of Tokyo (Curaçao) | $100 | 1996 | 8⅝ | 101⅛ | 98.88 | Noncallable. Fees 2%. |
| General Electric | $300 | 2006 | 8 | 100½ | 97.00 | Callable and redeemable in 1993 when new terms will be set. Fees 1⅞%. |
| Internorth | $100 | 1996 | 9¼ | 100½ | — | Noncallable. Fees 2%. |
| Japan Air Lines | $150 | 1996 | 8⅛ | 100¾ | 99.75 | Callable at 101½ in 1993. Fees 2%. |
| Marubeni U.K. | $50 | 1991 | 8⅛ | 101 | 99.25 | Noncallable. Fees 1⅞%. |
| New Zealand | $150 | 1993 | 8¼ | 99¾ | — | Noncallable. Fees 1⅞%. |
| Nissan Motors | $100 | 1993 | 8¼ | 101½ | 99.13 | Noncallable. Fees 1⅞%. |
| Province of Quebec | $250 | 2016 | 9 | 99½ | 98.25 | Noncallable. Fees 2½%. |
| Seagram | $100 | 1996 | 8½ | 100 | 97.38 | Callable at 101 in 1994. Fees 2%. |
| Sumitomo Finance | $100 | 1991 | zero | 68 | 66.88 | Yield 8.02%. Noncallable. Proceeds $67 million. Fees 1½%. |
| Sweden | $250 | 2016 | 8⅝ | 100 | 97.50 | Callable at 105 in 1996. Fees 2½%. |
| Swedish Export Credit | $200 | 2026 | 8⅝ | 99½ | 96.63 | Callable at 105 in 1996. Fees 2½%. Denominations $10,000. |
| Austria | DM 400 | 1998 | 6 | 100¼ | 99.15 | Noncallable. Fees 2%. |
| PHS Van Ommeren | DM 100 | 1994 | 6⅝ | 100 | 98.75 | Noncallable. Fees 2⅛%. |
| Series B Euro-DM Securities Ltd | DM 144.9 | 2001 | zero | 38.05 | 38.20 | Yield 6.65%. Noncallable. Proceeds 54 million marks. Fees 2½%. |
| Series B Euro-DM Securities Ltd | DM 144.9 | 2006 | zero | 28.35 | 28.60 | Yield 6½%. Noncallable. Proceeds 40 million marks. Fees 2½%. |
| Series B Euro-DM Securities Ltd | DM 766.5 | 2016 | zero | 17.60 | 18.80 | Yield 5.96%. Noncallable. Proceeds 131 million marks. Fees 2½%. |
| World Bank | DM 300 | 1996 | 5¾ | 99½ | 99.00 | Noncallable. Fees 1⅞%. |
| World Bank | DM 300 | 2016 | 6¼ | 100 | 102.50 | Noncallable. Fees 2%. |
| Amsterdam Rotterdam Bank | £50 | 1991 | 10½ | 100½ | 98.88 | Noncallable. Fees 1⅞%. |
| Halifax Building Society | £50 | 1991 | 10⅜ | 100⅜ | 98.63 | Noncallable. Fees 1⅞%. |
| Leeds Permanent Building Society | £50 | 1991 | 10½ | 100⅜ | 98.50 | Noncallable. Fees 1⅞%. |
| Westpac Banking | £50 | 1993 | 10¾ | 99⅞ | 99.38 | Noncallable. Fees 1⅞%. |
| Rhone-Poulenc | FF 600 | 1996 | 9⅝ | 100 | 99.88 | Callable at par in 1991. Also 60,000 warrants, priced at 300 francs each, paying a 24-franc annual interest until 1991, exercisable at par into an identical, noncallable bond. Latter bond can be bought with warrants and host bonds until 1991, then with warrants and cash. Fees 2%. Warrants ended the week at 330 francs. |
| Dansk Naturgas | DK 600 | 1991 | zero | 68 | 67.88 | Yield 8.46%. Noncallable. Proceeds 410 million kroner. |
| Phibro-Salomon | ECU 100 | 1996 | 8½ | 100¼ | 100.25 | Callable at par in 1991. Also 100,000 warrants, priced at 27.50 ecus each, exercisable at par into an identical, noncallable bond. Latter bond can be bought with warrants and host bond until 1991, then with warrants and cash. If unexercised, warrants will be redeemed for 10 ecus in 1992, declining by 2.50 ecus in each of the following years. They ended the week at 27.50 ecus. |
| Polysar | ECU 50 | 1993 | 9⅝ | 100 | 98.50 | Noncallable. Fees 1⅞%. |
| Australian Industry Development Corp. | Y 20,000 | 1996 | 6 | 100⅜ | 99.88 | Noncallable. Fees 2%. |
| Banque Française du Commerce Extérieur | Y 20,000 | 1996 | 7½ | 101¾ | — | Coupon payable in U.S. dollars at a fixed exchange rate of 179 yen per dollar. Noncallable. Fees 2%. |
| BPCA Finance | Y 15,000 | 1993 | 6 | 101 | 99.38 | Noncallable. Fees 1⅞%. |
| Nordic Investment Bank | Y 10,000 | 1991 | 6 | 101 | 100.25 | Noncallable. Fees 1⅞%. |
| Oesterreichische Kontrollbank | Y 20,000 | 1996 | 8 | 101½ | 100.00 | Noncallable. Redemption amount will be above par if yen/dollar exchange rate is more than 169 and will be less than par is rate is less than 169. Fees 2%. |
| Saskatchewan | Y 15,000 | 1991 | 7½ | 101½ | — | Noncallable. Redemption amount at maturity, in dollars, will be above par if dollar/yen exchange rate is more than 171, and below par if rate is less than 171. Fees 1⅞%. |
| Sweden | Y 30,000 | 1996 | 6 | 101⅜ | 100.13 | Noncallable. Fees 2%. |
| **EQUITY-LINKED** | | | | | | |
| Honwa | $130 | 1991 | 4⅜ | 100 | 108.50 | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 810 yen per share and at 181.45 yen per dollar. Fees 2¼%. $100 million issued in Europe and $30 million in Asia. |
| Fujita | $50 | 1991 | open | open | 110.50 | Coupon indicated at 4⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set March 11. |
| Nippon Oil | $150 | 1991 | 4 | 100 | 111.00 | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 912 yen per share and at 181.45 yen per dollar. Fees 2¼%. |
| Omron Tateisi Electronics | $100 | 1991 | open | 100 | 108.00 | Coupon indicated at 4⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set March 11. |
| Pasco | $50 | 1991 | 4⅜ | 100 | 113.00 | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,066 yen per share and at 180.30 yen per dollar. Fees 2¼%. Increased from $40 million. |
| Renown | $130 | 1991 | 4¼ | 100 | 110.50 | Noncallable. Each $5,000 note with one warrant, exercisable into company's shares at 810 yen per share and at 181.65 yen per dollar. Fees 2¼%. |
| Tokyu Construction | $50 | 1991 | 4¼ | 100 | 115.50 | Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 528 yen per share and at 181.65 yen per dollar. Fees 2¼%. |
| Kao | DM 120 | 1993 | open | open | 111.00 | Coupon indicated at 2¾%. Noncallable. Each 5,000-mark note with 2 warrants exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set March 12. |
| PWA Finance | DM 100 | 1994 | 3 | 100 | 145.00 | Noncallable. Each 1,000-mark note with 2 warrants exercisable into a total of 10 shares at 165 marks each, a 15½% discount. Fees 2%. |
| **WARRANTS** | | | | | | |
| Union Bank of Norway | 0.10 | 1989 | — | $15 | | Warrants exercisable into bank's Australian dollar-denominated bonds of 1989 paying 14%. |

# *New Low Set In Lending Terms for Spain Agency*

By Carl Gewirtz

*International Herald Tribune*

PARIS — Spain's finance agency, Instituto de Credito Official, is tapping the international credit market for a $100-million loan carrying terms that set a new low for the country.

Interest on the eight-year revolving credit starts at 10 basis points,

**INTERNATIONAL CREDIT**

0.1 percent, over the London interbank offered rate for the first two years and rises to 12½ basis points for the final six years.

The previous low for Spain was ¼ point over Libor.

ICO will pay a commitment fee of 6½ basis points on undrawn amounts and front-end fees of 10 basis points. The credit is the agency's first new-money facility in two years. The proceeds will be used to prepay more expensive outstanding debt.

Abu Dhabi Gas is also seeking lower borrowing costs, but bankers say there is considerable resistance to this. The company, 51-percent owned by Abu Dhabi National Oil Co., is seeking to revise the terms on a $500-million, eight-year loan arranged in 1983. Interest then was set at a split margin of ½ point over Libor rising to ⅝ point.

Bankers say Adgas is now seeking to extend the maturity to 1994 and to lower the interest rate to a split ¼-⅜ point over Libor. In addition, it is seeking a new eight-year loan of $150 million.

A company spokesman denied reports from bankers that the new money would in part be used to pay dividends to the shareholders. The minority owners include Mitsui Co., British Petroleum Co. and Cie. Française des Pétroles.

The spokesman, who insisted that no decision had yet been made on whether to tap the market, said the money was needed for new construction costs, overruns on the previous construction costs and a shortfall in cash flow resulting from the decline in energy prices.

Bankers say they are resisting the request for lower terms because of the cash-flow shortfall and because some banks, notably those in the United States, are increasingly reluctant to increase their lending exposure in the Gulf region.

In the securities end of the credit market, New Zealand Forest Products announced plans to issue up to $250 million of short-term Euronotes. The company has asked banks to underwrite a five-year facility of $125 million to serve as a back-up line of credit.

The company will pay banks an annual underwriting fee of 6¼ basis points. If it draws on the bank line, it will pay 10 basis points over Libor. This rises to 15 basis points if the banks are obliged to take more than half of any amount of notes put out for sale.

The largest Australian insurance company, National Mutual Life Assurance of Australasia, is asking banks to underwrite a $100-million, five-year facility to back up the sale of commercial paper either in Europe or New York.

Banks are offered an annual fee of 10 basis points for providing the credit line and will be paid 15 basis points over Libor if the credit is drawn. If more than half the total is drawn from the banks, the company will pay a utilization fee of five basis points on the amount over 50 percent.

The Luxembourg arm of Cia. Industriali Riunite (CIR), the Italian company controlled by Carlo de Benedetti, which groups his holdings in Olivetti, Buitoni and other interests, is aiming to tap the market for up to $100 million or the equivalent in sterling or European currency units through the sale of short-term notes.

CIR is asking banks to underwrite $50 million for five years. It will pay an annual fee of 7½ basis points and 10 basis points over Libor if the money is drawn from the banks.

# Fall in Oil Price, Dollar Is Good News for Europe

By Steve Lohr

*New York Times Service*

LONDON — Buoyed by both the sustained drop in oil prices and the value of the U.S. dollar, Western Europe's economic prospects are brighter today than at any time in the past decade.

Economists have scrapped the growth forecasts made a few months ago and replaced them with ones reflecting the increasingly rosy outlook. Investors have pushed prices to record levels on major European stock exchanges.

Many government officials and others are predicting improved living standards in the next several years and more jobs for some of the European Community's 13 million unemployed.

In an apparent sign of the times, European nations last week found themselves in the unusual role of pacesetters in international economic matters. West Germany, France and the Netherlands cut key interest rates and were followed the next day by the United States and Japan.

"Europe has been under the heel of high oil prices and the high dollar for a decade," said Michael Willis Fleming, director of European operations for Savory Milln Ltd., a London securities house. "Now that is over. Europe's problems are melting away."

The drop of more than 50 percent in oil prices since November is the biggest part of the windfall. But in addition, the value of the dollar has fallen more than 25 percent during the past year.

The dollar's descent magnifies the impact of lower energy bills, since oil is priced in dollars. And, because central banks no longer have to maintain high interest rates to defend their currencies against the strong dollar, those rates should begin to fall, fostering further growth.

"The lower oil prices provide a double-barreled effect for the Western European countries," noted Allen Sinai, chief economist at Shearson Lehman Brothers in New York. "The optimism in Europe is justified."

Jacques Delors, president of the European Community, recently declared that Europe should now become the engine for world economic growth.

Economists are divided over whether Europe can assume the "locomotive" role, but they agree that a resurgent Europe is good news for the global economy.

"The growth shock in Europe will mean more consumption and increased trade," said Paul Cockle, an economist in the London office of Data Resources Inc. a consulting concern. "Europe will clearly be able to contribute more growth to the world economy."

Just how much Europe will benefit from the oil-price slide is uncertain, but preliminary estimates suggest that the impact will be substantial.

Jacques Delors

According to David Lomax, National Westminster Bank PLC's economic advisor, the savings to Western Europe from oil priced at $12 to $14 a barrel would be $30 billion this year, compared with $13.5 billion each for the United States and Japan.

Generally, private economists say that if the oil price stays near its current level during 1986, the growth in Europe could be 1 percentage point higher than the 2.5-percent rate forecast last December by the Organization for Economic Cooperation and Development.

West Germany and France, both major oil importers, are the most likely big winners. In December, the OECD estimated that the West German economy, Europe's biggest, would grow just under 3.3 percent this year. Economists now say it should be 4.5 percent or more.

In France, Prime Minister Laurent Fabius has said that the economy could advance by as much as 3 percent this year, compared with the 2-percent figure in the OECD report.

Left out of the boom will be Britain and Norway, the two North Sea oil producers. Falling oil revenues will restrain their growth and add to government deficits.

But even for these nations, the oil-price fall does promise benefits for some parts of the economy.

For example, the British pound is regarded as an oil currency, although oil revenues represent just 6 percent of the gross national product, the total output of goods and services. Since last summer, the pound's value has declined by 13 percent, mainly because of the fall in oil prices.

"As the pound follows oil prices down, Britain should be in a good position for some improvement in its manufactured exports," observed Alan E. Davies, head of economics at Barclays Bank PLC.

Conversely, nations with currencies that are appreciating, such as West Germany and France, will soon find that their exports are more expensive abroad. The oil windfall will ignite European growth based on increased domestic consumption, not exports.

In the current environment, the companies that will benefit most are the big gainers from lower energy prices, such as chemical and steel producers, and those that supply domestic consumer markets.

Among the corporations that stock analysts now find attractive are: Britain's Imperial Chemical Industries PLC, Sweden's Electrolux AB, a home appliance maker, West Germany's Veba AG, an electrical petroleum and chemicals group, and France's BSN, a consumer products conglomerate.

Europe's economies will need the pickup in domestic consumption since the United States, feeling the effects of a weaker dollar, can no longer sustain its import-buying binge. Some economists estimate that half of Europe's economic growth in the recovery beginning in 1982 came from exports and most of that was attributable, directly or indirectly, to American purchasing.

Accordingly, some economists are wary that difficult adjustments may be in the offing for some industrial sectors, given the swiftness of the declines in the oil price and the dollar.

"The overall trend is positive, but this will not be a boom in every respect," said Hans Mast, chief economist of Crédit Suisse Bank in Zurich. "The unrestrained optimism in certain quarters is unwarranted."

# *Bonds Fall on Fed Cut, but Rebound*

By Mary Tobin

*United Press International*

NEW YORK — The bond market went down on the news it had awaited for so long, the cut in the Federal Reserve Board's discount rate, but regained its composure to finish higher on the week.

"The decline was another exhibition of the adage that applies to bond traders: 'Buy on the rumor

**U.S. CREDIT MARKETS**

and sell on the news,'" said William V. Sullivan Jr., senior vice president of Dean Witter Reynolds.

The Fed's announcement of a half-point cut to 7 percent on the discount rate came early Friday, prompting a 2-point drop in government bond prices.

"The market has been volatile all week, and today was no exception," Mr. Sullivan said. "The sharp up and down movements have been caused by a willingness to sell on strength, and this is something that is occurring for the first time in the 1986 rally."

The selling pressure dissipated Friday afternoon when the federal funds interbank overnight loan rate moved down, allowing bond prices to rebound.

Treasury bonds were up to 1⅜ points higher on the week, while corporate and municipal issues, hampered by heavy volume, gained an average of ⅞ point and ⅝ point respectively.

The bellwether 30-year Treasury bond, the 9¼-percent coupon maturing in 2016, hit a high of 114 the previous week, within an inch of an 8-percent yield. But it did not regain those highs. The bond dropped from above 112 to 110¼ early Friday after the Fed action, then rose again to finish at 112¼, an 8.15-percent yield, up from 110⅞ the previous Friday.

Henry Kaufman, a Salomon Brothers economist, said the bond market "is likely to pause to consider the implications of the Fed's moves." He said he expects these to include a lower federal funds rate, in the range of 7¼ percent to 7⅜ percent.

Mr. Kaufman said he also expected the burden of the heavy corporate calendar to be further weighted by substantial refinancing in the mortgage and municipal sectors.

An unprecedented flood of corporate issues spurred by the rally has choked dealer inventories and held government prices down. Those issues totaled $12.6 billion in the past two weeks.

"There has been lots of profit-taking and a problem with inventory in that corporate dealers are sitting with paper they are having difficulty unloading," said Philip Braverman, chief economist at Irving Securities. He added that over-enthusiastic dealers "did not price some of the issues well."

But he said these dealers had "shorted," or taken sell positions in, the Treasury market to hedge their corporate positions, and "this places a major prop" under the Treasury market when they are forced to buy to cover these positions.

**U.S. Consumer Rates**

**For Week Ended March 7**

| | |
|---|---|
| Passbook Savings | 5.50 % |
| Tax Exempt Bonds Bond Buyer 20-Bond Index | 6.88 % |
| Money Market Funds Donoghue's 7-Day Average | 7.36 % |
| Bank Money Market Accounts Bank Rate Monitor Index | 6.67 % |
| Home Mortgage FHLB average | 11.34 % |

# Bond Investors Leap Into Longer-Term Issues

(Continued from Page 15)

which means most trading occurs during the European business day.

This demand for long-dated paper is music to the ears of treasurers who are delighted to lock in costs that look like historic lows. General Electric Co. sold $300 million of 20-year bonds at terms that failed to attract buyers — a coupon of 8 percent, an offering price of 100½ and fees of 1⅞ percent. The paper ended the week down 3 points. Quebec sold $250 million of 30-year, 9-percent bonds at a discount of 99½ and ended the week down 1¼ points, well within the total fees of 2½ percent.

The World Bank, regarded as one of the savviest money managers, has been the heaviest issuer of 30-year paper. With three and a half months still to go before the end of its fiscal year, the World Bank has already completed 95 percent of its money-raising target — rushing to issue paper while rates look so cheap.

Last week it sold 300 million DM of 30-year bonds at par bearing a coupon of 6¼ percent and 300 million DM of 10-year bonds, issued at 99½, bearing a coupon of 5¾ percent.

The Bundesbahn, the West German national railway, tapped the market indirectly by extending a 30-year IOU to a conduit company, Series B Euro-DM Securities Ltd., which stripped the interest payments into a series of zero-coupon Eurobonds.

Like the previous issue for the West German post office, the first 10 interest payments were packaged as private placements and the remainder sold as 15-, 20- and 30-year zeroes yielding 6.65 percent, 6½ percent and 5.96 percent, respectively. All ended the week trading over the offering prices with the 30-year paper showing the biggest gain.

Demand for DM paper was strong, reflecting investors' views that the currency will appreciate against the dollar as well as most other European currencies in the re-alignment within the European Monetary System that is widely expected to occur after the March 16 legislative election in France.

Despite the anticipated decline of the franc against most other European Monetary System currencies, French franc bonds remained in demand as interest rates have declined and are expected to decline even further once the re-alignment is out of the way — producing big capital gains on high-coupon bonds.

The star sector of the week was in sterling. Interest rates are the highest available in Europe and the currency, which declined sharply with the fall in oil prices, appears to have stabilized. Westpac Banking fared best with £50 million of seven-year paper offered at 99⅞ bearing a coupon of 10¾ percent.

AmRo Bank was the best received among the issuers of five-year paper with a coupon of 10½ percent and an issue price of 100½. Halifax Building Society and Leeds Permanent Building Society, offering slightly less attractive terms, traded less well.

The Euroyen market, with seven issues on offer, was also active on speculation that yen interest rates would decline further and that the currency would continue to appreciate.

The Japanese themselves were predominant in offering equity-linked paper. Seven companies issued $660 million of five-year notes bearing warrants to buy stock at premiums of some 2½ percent at a fixed rate of exchange. The issues all traded at substantial premiums, including Nippon Oil Co., which set a new low 4-percent coupon on its five-year paper.

The companies use the low-coupon paper as fodder to swap into very low-cost fixed-rate yen borrowings.

The paper, stripped of the warrants and trading at substantial discounts from the offering price, is picked up by investors looking for high current yield and capital appreciation when the notes are redeemed at maturity at par.

The warrants are the hottest item. Despite the record high level of prices on the Tokyo Stock Exchange and the wariness about the affect of the yen's appreciation, the warrants have soared in value.

The issuers are perceived to be little affected by the currency move — Nippon Oil's refinery operations will be more profitable, Renown Inc.'s apparel business will also benefit. Tokyu Construction Co. is expected to gain from the increase in infrastructure spending that the government is expected to approve.

As for the already record-high stock prices, that appears to be of little concern. Japanese analysts report that, with yen interest rates declining, institutional investors will begin moving out of the domestic bond market and into the equity market once the books are closed in the current fiscal year, which ends March 31.

In the DM sector, Kao Soap of Japan also was a big hit. But the star performer was PWA Finance, a leading West German manufacturer of paper products. The exercise price on the warrants was set at a discount from the prevailing Frankfurt Stock Exchange quote — a rarity since the exercise price is normally at a premium. In addition, subsequent announcement of a dividend increase sent the stock price soaring, putting the price of the cum-warrant bond at 145.

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Nomura International Limited
Swiss Bank Corporation International Limited
Union Bank of Switzerland (Securities) Limited

# NASDAQ National Market

*OTC Consolidated trading for week ended Friday.*

| Stock | Div | Yld | Sales in 100s | High | Low | Close | Net Ch'ge |
|---|---|---|---|---|---|---|---|
| **A** | | | | | | | |
| A&M Fd | | | 1023 | 11¾ | 11 | 11¼ | + ¼ |
| ABS | .40 | 2.2 | 675 | 20½ | 15½ | 18½ | +2½ |
| ADC Tl | | | 303 | 25½ | 24¾ | 25 | + ¼ |
| AEC | .32 | 2.6 | 138 | 12¾ | 11¾ | 12¼ | — ⅛ |
| AEL | | | 168 | 15¾ | 14½ | 14½ | — ½ |
| AFG | | | 5344 | 33¾ | 31¾ | 32⅝ | +1⅜ |
| ALC Cm | | | 900 | 8¾ | 7¼ | 7½ | —1 |
| ARC Inl | | | 1124 | 4⅝ | 3⅝ | 3⅞ | —1 |
| ASK | | | 8332 | 13¾ | 12⅝ | 12⅞ | —1 |
| AST | | | 21110 | 26 | 18 | 18¾ | —7¼ |
| AT&E | | | 1087 | 16⅝ | 15⅝ | 16⅛ | + ¼ |
| ATE | | | 529 | 5⅝ | 4½ | 5⅛ | + ⅜ |
| AarnRt | | | 210 | 18 | 17¼ | 17½ | — ¼ |
| Abrams | .24 | 4.4 | 21 | x5½ | 5½ | 5½ | + ½ |
| AcaJoe | | | 1582 | 7½ | 6¾ | 6⅞ | — ½ |
| Acadin | .05r | 2.2 | 7885 | 2¾ | 2⅛ | 2⅜ | |
| Accirin | | | 1458 | 14¼ | 13⅛ | 13⅛ | — ½ |
| AcuRay | .24 | .9 | 1254 | 26¾ | 26⅛ | 26⅛ | |
| Acelo | .07r | .3 | 307 | 20⅞ | 18½ | 20¼ | +1⅝ |
| ACMAT | | | 102 | 21¼ | 19¾ | 20½ | + ½ |
| Actvsn | | | 1980 | 1½ | 1⅛ | 1⅛ | |
| Actmd s | | | 830 | 27⅜ | 26½ | 27¼ | — ⅛ |
| AdacLb | | | 2155 | 1⅝ | 1¼ | 1⅜ | — ⅛ |
| Adage | | | 625 | 4⅝ | 4⅛ | 4⅝ | + ⅛ |
| AdisnW | .80 | 2.1 | 61 | 40¼ | 39 | 39 | —1⅛ |
| Adia | .12 | .5 | 388 | 24⅞ | 24 | 24⅞ | + ½ |
| AdvCir | | | 3584 | 12⅝ | 10⅝ | 11⅞ | + ⅝ |
| AdCpt | | | 99 | 4⅜ | 4½ | 4⅝ | |
| AdvGen | | | 3107 | 5⅝ | 4⅞ | 5⅛ | + ⅜ |
| AdvSem | | | 1356 | 14¼ | 12¾ | 13 | —1 |
| AdvTel | | | 3159 | 11½ | 9⅝ | 10⅝ | +1⅛ |
| Aequitm | | | 626 | 4⅞ | 4⅛ | 4⅝ | + ½ |
| Aeson | .36r | .9 | 325 | 42⅛ | 39⅝ | 42½ | +2⅜ |
| AerSysl | | | 501 | 2⅞ | 2⅜ | 2⅞ | — ⅛ |
| AflBcp | 1.00 | 6.5 | 14 | 16⅛ | 15¾ | 15¾ | — ⅛ |
| AflBsh | .80 | 5.0 | 1276 | 16½ | 15 | 16⅛ | +1⅛ |
| AgcyR s | | | 704 | 31½ | 29 | 31⅛ | +2 |
| Agnico g | .15 | | 1466 | 17 | 16⅛ | 17 | + ⅛ |
| AirCrg s | | | 1633 | 9 | 8⅜ | 8½ | — ⅛ |
| AirMd | .10e | 1.4 | 1806 | 7⅝ | 6⅞ | 7⅛ | — ⅜ |
| AirWisc | | | 3148 | 15⅝ | 14½ | 14⅝ | |
| AlaFdl | | | 481 | 21 | 19⅝ | 20 | — ⅛ |
| AlskBc | .44e | 5.1 | 307 | 8⅞ | 8⅛ | 8⅝ | — ⅛ |
| AlskMt | .25t | 1.8 | 1462 | 14½ | 13⅛ | 14⅛ | + ⅜ |
| AlskPNl | | | 27 | 12 | 10⅞ | 10⅞ | —1¼ |
| Alaten | 2.20 | 5.6 | 242 | 40½ | 38½ | 39 | — ⅛ |
| AlcoHlt | | | 1146 | 22½ | 20⅞ | 22¼ | +1⅜ |
| AlexBr | | | 7356 | 29¼ | 27⅛ | 28 | —1⅛ |
| AlexB | 1.80 | 3.5 | 1276 | 52¼ | 48⅛ | 51½ | +3 |
| Allin s | | | 3856 | 37⅜ | 33⅛ | 34 | + ¼ |
| Algorex | | | 72 | 7⅞ | 7⅛ | 7⅛ | |
| Allcoln | .90 | 1.0 | 30 | 93 | 88 | 88 | —1 |
| AlegW | .20e | 1.0 | 924 | 20½ | 19½ | 20⅛ | +1 |
| AllegBv | .40 | 1.5 | 3740 | 28⅞ | 26⅜ | 26¾ | —1⅛ |
| AlnOr s | .24a | .6 | 42 | 39 | | 39 | —1½ |
| AlldBn | .84 | 4.9 | 7338 | 17⅛ | 16⅞ | 17 | |
| AlldCa s | .72 | 3.9 | 44 | 18⅞ | 17½ | 18¼ | |
| AlldRsh | | | 594 | 6⅝ | 5⅞ | 5⅞ | — ⅛ |
| AllyGar | .15e | 1.6 | 455 | 9⅞ | 9½ | 9⅝ | + ⅛ |
| AlpMic | | | 516 | 6⅛ | 5⅝ | 5⅞ | — ⅛ |
| Altracr | | | 483 | 4⅝ | 4¼ | 4¼ | + ⅛ |
| Altos | | | 5667 | 17⅛ | 15½ | 15⅞ | —1⅛ |
| Altron | | | 438 | 10⅞ | 9⅝ | 10⅜ | — ⅛ |
| Amcast | .44 | 2.9 | 499 | 15⅞ | 15 | 15 | — ¼ |
| Amcale | | | 493 | 8⅞ | 7⅝ | 8¼ | +1 |
| AFFd | 3.49e | 16.8 | 1765 | 20⅞ | 19½ | 20⅞ | +1 |
| AWAirl | | | 14161 | 13⅛ | 11¼ | 12 | — ⅜ |
| AmAdv | † | | 1640 | 1⅝ | 1⅛ | 1⅜ | + ⅛ |
| ABusp | | | 404 | 7⅛ | 5¼ | 6 | —1 |
| AmBkCt | 1.20 | 3.6 | 8 | 33 | 31 | 33 | +1 |
| ABnkr | .50 | 3.2 | 1624 | 16½ | 15¼ | 15⅝ | — ⅜ |
| ABrt g s | | | 781 | 6¾ | 6⅛ | 6⅜ | + ⅛ |
| AmCarr | | | 4745 | 16⅛ | 13⅞ | 16 | +2 |
| AmCity | | | 94 | 23¾ | 22¼ | 22⅜ | + ⅜ |
| AContl | | | 2610 | 15⅛ | 12½ | 14½ | +2⅛ |
| AmEcol | | | 1251 | 50¼ | 43¼ | 43¼ | —1⅛ |
| AExpl | | | 216 | 2⅛ | 2⅛ | 2⅛ | — ⅛ |
| AFdSL | .60 | 2.9 | 950 | 22⅛ | 20⅞ | 20⅞ | —1⅛ |
| AFiltrn | 1.40 | 4.3 | 159 | 32½ | 30½ | 32½ | +1⅛ |
| AmFrst | | | 362 | 6⅛ | 5⅝ | 6⅛ | — ⅛ |
| AFletc s | .80 | 2.1 | 2611 | 38¼ | 37⅛ | 37½ | + ⅛ |
| AFurn | .28 | 2.4 | 189 | 12½ | 11¾ | 11¾ | — ⅛ |
| AGreet | .66 | 1.9 | 6043 | 36⅛ | 34⅛ | 34⅝ | — ⅛ |
| AminLf | .40 | 2.9 | 5090 | 14⅛ | 12 | 14 | +1⅛ |
| AinaF | 1.12 | 4.9 | 256 | 23 | 21¾ | 22⅛ | +1 |
| AinsMt | 1.33e | 7.0 | 373 | 19⅝ | 18⅜ | 19 | |
| Amieg s | | | 2057 | 24⅛ | 23⅛ | 23⅞ | — ⅛ |
| AinvLf | .20b | 2.9 | 215 | 6⅞ | 6⅝ | 6⅞ | + ⅛ |
| ALand | † | | 98 | 7 | 6⅛ | 6½ | + ¼ |
| ALnd wt | | | 100 | 1⅛ | 1 | 1⅛ | + ⅛ |
| AmList | | | 186 | 16½ | 14½ | 14½ | —1⅛ |
| AmLck | .21e | 1.9 | 169 | 11¼ | 10⅞ | 10⅞ | |
| AMagnt | | | 128 | 6⅛ | 5⅜ | 5⅜ | |
| AMS s | | | 715 | 30¼ | 27½ | 30 | +2 |
| AMdSv s | | | 449 | 15⅛ | 14⅝ | 14⅝ | — ⅛ |
| AMidl | | | 1577 | ½ | ⅜ | ⅜ | |
| ANtHa | 1.24 | 3.2 | 31 | 38⅞ | 38¼ | 38¼ | — ¼ |
| ANtIns | 1.20 | 3.3 | 2017 | 36⅞ | 35¾ | 35⅞ | — ⅛ |
| APhyG | | | 691 | 4⅜ | 3⅝ | 4⅛ | — ⅛ |
| AmPion | | | 461 | 9⅝ | 8 | 9¼ | + ⅛ |
| AmResl | | | 38 | 2⅜ | 2⅜ | 2⅜ | |
| ASavNY | | | 537 | 24 | 23 | 23⅝ | |
| ASavWA | | | 804 | 17½ | 17 | 17⅜ | + ⅜ |
| AmSec | 1.02 | 2.9 | 587 | 35⅜ | 34½ | 35 | |
| AmSft s | | | 1001 | 9⅝ | 8⅝ | 9 | — ⅛ |
| ASolar | | | 1082 | 1⅝ | 1⅜ | 1⅜ | + ⅛ |
| ASurg | | | 1745 | ¾ | ⅝ | ⅝ | — ⅛ |
| ATechC | | | 1134 | 8⅝ | 8¼ | 8¼ | — ⅜ |
| AWstCp | † | | 1507 | 12½ | 11½ | 12 | + ⅛ |
| Amrtr s | 1.60 | 3.8 | 2518 | 43⅛ | 41⅜ | 41⅜ | — ⅛ |
| Amrwst | | | 572 | 22½ | 21½ | 21½ | — ⅛ |
| Amgen | | | 6130 | 15 | 13⅞ | 14⅝ | — ⅛ |
| Amistar | | | 326 | 10 | 8½ | 8½ | —1 |
| AmskB s | | | 1883 | 24⅝ | 22½ | 24⅝ | |
| Amosk | 1.20a | 1.8 | 147 | 73 | 53 | 68 | +14 |
| Ampad | .40 | 2.0 | 246 | 21 | 19⅝ | 20¼ | + ⅛ |
| Anodite | | | 204 | 7 | 6⅞ | 7 | |
| Anlogic | | | 3479 | 13⅞ | 13⅛ | 13⅜ | + ⅛ |
| AnalyTc | | | 551 | 10⅞ | 10½ | 10½ | — ⅛ |
| Analyt | | | 508 | 5½ | 5⅛ | 5½ | + ⅛ |
| Anaren | | | 1203 | 11⅜ | 10⅜ | 11 | |
| AndrGr | | | 557 | 11¼ | 9¾ | 11 | + ½ |
| Andovr | | | 1462 | 11 | 9¾ | 10⅝ | +1⅛ |
| Andrew | | | 2314 | 21⅜ | 19⅝ | 21⅜ | +2 |
| Andros | | | 1132 | 9⅝ | 8⅝ | 9 | + ⅜ |
| Animed s | | | 1786 | 7½ | 6⅝ | 6⅝ | — ⅛ |
| Anitec | .10e | .4 | 2465 | 25⅞ | 22⅞ | 23½ | —2¼ |
| Apogee | .14 | 1.0 | 1782 | 14⅛ | 13⅜ | 13⅞ | — ⅛ |
| ApoloC | | | 17350 | 15⅝ | 14⅝ | 15 | — ½ |
| ApplBk | | | 6061 | 27⅛ | 24½ | 25⅛ | + ⅜ |
| ApleC | | | 25557 | 25⅝ | 24¼ | 24⅝ | — ⅛ |
| ApiBio s | | | 2287 | 32⅛ | 31⅛ | 31½ | — ⅛ |
| AplCm | | | 2199 | 16⅝ | 15⅞ | 16½ | — ⅛ |
| AplDl | | | 166 | 4⅝ | 4 | 4⅛ | + ¼ |
| ApldMt | | | 4835 | 29⅝ | 27⅛ | 27½ | —1⅜ |
| ApldSir | | | 290 | 13⅛ | 12⅛ | 13⅛ | + ⅛ |
| ArabSh | | | 185 | 4½ | 3 | 3 | — ⅛ |
| Archive | | | 716 | 9⅝ | 8⅝ | 8⅝ | — ⅜ |
| ArgoSy | | | 4089 | 21½ | 19⅞ | 20⅛ | — ⅛ |
| ArizB | .80b | 1.9 | 1101 | 42⅛ | 41⅛ | 41⅛ | — ⅛ |
| ArkRst | | | 35 | 12 | 10 | 10½ | —1½ |
| Arnold | .60 | 1.2 | 7 | 50½ | 49 | 50½ | +4 |
| ArowB s | 1.92 | 3.0 | 15 | 71 | 65 | 65 | —5 |
| Artel | | | 1287 | 5⅝ | 4⅛ | 4⅛ | — ⅛ |
| Ashton | | | 14151 | 23½ | 20¾ | 21⅛ | —1⅜ |
| AsdBc s | .44 | 2.4 | 77 | 19½ | 18½ | 18⅝ | — ⅜ |
| AsCmA | | | 159 | 43⅝ | 39 | 43 | +3¼ |
| AsCmB | | | 410 | 42¼ | 37½ | 42 | +4 |
| AsdCo | .10e | 1.5 | 6 | 6⅞ | 6⅝ | 6⅞ | |
| AsdHst | .12 | 1.6 | 647 | x7¾ | 7⅛ | 7½ | |
| AstroM | | | 827 | 13½ | 12¼ | 13⅛ | + ⅜ |
| Astrom | | | 853 | 4⅞ | 4 | 4 | — ⅛ |
| Astron s | | | 114 | 9½ | 8¾ | 9½ | + ¾ |
| Astrosy | | | 2949 | 9⅛ | 8½ | 8⅝ | |
| Atcor | .48 | 1.9 | 636 | 25⅜ | 24⅛ | 25⅛ | + ⅜ |
| AthnF s | | | 199 | 22⅞ | 22½ | 22¾ | + ¼ |
| Athey s | 1.52t | 8.8 | 357 | 17½ | 16½ | 17¼ | + ¼ |
| AticoF | .10e | .6 | 203 | 16½ | 15¾ | 16 | + ¼ |
| Atkinsn | | | 355 | 19⅜ | 18½ | 19 | |
| AtlGsL | 2.80 | 7.1 | 1128 | 40 | 39⅜ | 39½ | |
| AtlAm s | .24 | 1.7 | 1118 | 16 | 13⅝ | 14⅝ | + ⅜ |
| AtlnFd | | | 578 | 14 | 13⅝ | 13⅝ | |
| AtlFin | .05e | .3 | 5215 | 19 | 17½ | 17⅞ | —1⅛ |
| AtlF pf | 1.05 | 6.8 | 1672 | 16½ | 14⅞ | 15⅜ | —1⅛ |
| AtlPr h | | | 3 | 10 | 9½ | 10 | + ½ |
| AtlRes s | | | 4392 | 26½ | 25⅝ | 26¼ | + ⅝ |
| AtlSeAr | | | 2768 | 12½ | 11¼ | 12⅛ | — ⅛ |
| AudVd s | | | 3245 | 23½ | 22 | 22⅞ | — ⅛ |
| Austron | | | 100 | 3½ | 3¼ | 3½ | + ⅛ |
| AutoDc | | | 151 | 14⅛ | 13⅜ | 14 | + ⅛ |
| AutTrT | | | 910 | 6⅝ | 5½ | 5⅝ | — ⅛ |
| Autoclv | .16 | 1.9 | 20 | 9 | 8½ | 8½ | |
| Autodsk | | | 2332 | 29 | 26 | 26⅝ | —2⅜ |
| AutMed | † | | 1561 | 4⅜ | 3⅞ | 4⅜ | + ⅜ |
| AutoSy | | | 647 | 10 | 9⅛ | 9⅝ | + ⅛ |
| Autmtx | | | 4351 | 4⅛ | 3 | 4 | + ⅞ |
| AutoCp | † | | 33 | 8½ | 8 | 8 | |
| Auxton | | | 2729 | 11⅛ | 10⅛ | 11 | + ⅛ |
| Avacre | | | 2113 | 15½ | 12¼ | 13⅛ | + ⅛ |
| AvntGr | | | 435 | 5 | 4½ | 5 | + ½ |
| Avntek | | | 17038 | 19½ | 18⅛ | 19⅛ | — ⅛ |
| Avatar | | | 191 | 21⅛ | 20⅝ | 20⅝ | — ⅛ |
| AztcM | .20 | 7.3 | 658 | 2⅝ | 2⅝ | 2⅝ | — ⅛ |
| **B** | | | | | | | |
| BBDO | 1.20 | 2.0 | 2210 | 61½ | 58¾ | 60⅛ | +1⅜ |
| BGS | | | 120 | 11⅝ | 11 | 11 | — ⅛ |
| BIW Cb | .10 | 1.1 | 483 | 9 | 8½ | 9 | + ½ |
| BNH Bnc | | | 20 | 36 | 35 | 35 | —2 |
| BPI Sy | | | 915 | 3⅝ | 2⅝ | 3¼ | + ⅜ |
| BRCom | | | 1423 | 9½ | 9⅛ | 9⅛ | + ⅛ |
| BR Intec | | | 607 | 20½ | 19 | 19 | —1½ |
| BT Fncl | 1.36 | 3.4 | 27 | 40 | 38⅞ | 40 | + ½ |
| BTR | .10l | .9 | 171 | 12 | 10 | 11½ | + ½ |
| BairdC | | | 601 | 9⅝ | 8¼ | 9⅛ | +1⅛ |
| BakrFn | 1.00a | 2.1 | 235 | 47¾ | 47¼ | 47½ | — ⅛ |
| BaldLy | .80 | .9 | 23 | 85 | 80 | 85 | +8¾ |
| BALTEK | .10e | 1.0 | 702 | 10½ | 9⅝ | 10½ | +1⅜ |
| BalBcp | .42e | 1.0 | 4254 | 43⅞ | 42⅜ | 42⅞ | — ⅛ |
| BnPnc s | 1.00 | 3.1 | 396 | 33 | 29 | 32⅜ | +3⅛ |
| BnPop s | 1.12a | 3.3 | 643 | 34¼ | 31¼ | 34¼ | +2½ |
| Bancokl | .40 | 3.5 | 429 | 11⅞ | 11¼ | 11⅞ | — ⅛ |
| BcpHw | 1.36 | 3.1 | 2068 | 43⅝ | 42½ | 43⅛ | + ⅛ |
| Banctec | | | 461 | 9⅞ | 7⅝ | 8⅝ | +1 |
| BangH | .80 | 6.7 | 975 | 12 | 11½ | 12 | + ⅛ |
| BnkDel | 1.32 | 3.3 | 57 | 39⅞ | 38½ | 39½ | + ⅛ |
| BkGrn s | .44 | 7.4 | 74 | 33 | 31½ | 33 | +2½ |
| BKNE s | 2.00 | 3.8 | 3260 | 66½ | 64⅜ | 66 | +1 |
| BkSou s | .64 | 2.3 | 763 | 28⅞ | 28¼ | 28⅛ | + ⅛ |
| Bnkest s | .68 | 3.0 | 972 | 23⅛ | 21⅞ | 22⅝ | + ⅜ |
| BnkFst | | | 1511 | 18⅜ | 17⅛ | 18⅛ | +1⅛ |
| Bklowa | 1.56 | 2.8 | 29 | 68 | 54½ | 56 | |
| BkMAm | 1.00 | 12.3 | 842 | 8⅞ | 8 | 8⅛ | — ⅛ |
| Bankvt | † | | 4124 | 30⅛ | 26⅞ | 28⅞ | +1⅜ |
| Banta s | .40 | 1.7 | 5859 | 23⅛ | 22⅝ | 23⅛ | + ⅛ |
| Borden | 1.00 | 3.6 | 3 | 28 | 28 | 28 | |
| BaronD | | | 344 | 12 | 11½ | 12 | |
| Barris s | | | 4590 | 21½ | 19⅝ | 21¼ | +1½ |
| Baristar | | | 246 | 19⅛ | 18½ | 19 | + ⅛ |
| Barton | | | 302 | 1½ | 1⅛ | 1½ | + ⅛ |
| BsTnA | | | 1584 | 13 | 9⅝ | 12 | +2 |
| BasAm | 1.04t | 10.7 | 567 | 10⅝ | 9⅞ | 9⅞ | — ⅛ |
| BsRint s | | | 2891 | ⅛ | ⅛ | ⅛ | — ⅛ |
| BsetF | .80a | 1.9 | 397 | 44 | 42⅛ | 42⅛ | —1 |
| BatlMt | .07e | .6 | 28655 | 12⅜ | 12⅛ | 12⅛ | — ¼ |
| BayPac | | | 2763 | 6⅞ | 6½ | 6⅞ | |
| BayBks | 2.40a | 3.2 | 707 | 75⅞ | 74⅝ | 75⅜ | + ½ |
| Bayly | .12 | 1.5 | 217 | 8½ | 8 | 8 | — ⅛ |
| Beebas | | | 683 | 21⅜ | 18½ | 20⅛ | +1⅛ |
| Begley | .72 | 3.4 | 3 | 21½ | 21½ | 21½ | — ⅛ |
| BlFuse s | | | 181 | 6⅝ | 6⅛ | 6⅝ | — ⅛ |
| BellW | .10 | 1.3 | 231 | 8½ | 7⅛ | 7⅛ | — ⅛ |
| BenJer | | | 342 | 14⅛ | 12⅝ | 13⅛ | —1⅛ |
| BnchCl | | | 1494 | 13⅝ | 12⅛ | 12⅝ | — ⅛ |
| Benhan | | | 498 | 9 | 8⅝ | 8½ | + ½ |
| Bercor | | | 313 | 9⅝ | 8½ | 9 | + ½ |
| Berkley | .32 | .8 | 1916 | 46⅞ | 41 | 41¼ | —5⅛ |
| Berkine | .50 | 3.4 | 108 | 15 | 14 | 14½ | + ⅛ |
| BerkGs | 2.12 | 7.4 | 151 | 28½ | 24⅝ | 28½ | +3½ |
| BerkHa | | | 22 | 25 | 720 | 990 | +30 |
| BestBy | | | 1061 | 36¼ | 33⅞ | 34⅛ | — ⅛ |
| BetzLb | 1.32 | 3.3 | 2486 | 40½ | 39⅞ | 40⅛ | +1 |
| Bio B | | | 367 | 14½ | 13⅝ | 13⅞ | — ⅛ |
| BioBear | † | | 1350 | 17⅝ | 16⅛ | 17 | — ¼ |
| Bindly s | | | 1690 | 11½ | 10⅜ | 11⅛ | + ⅛ |
| BingSv | | | 448 | 20 | 18 | 20 | +1½ |
| BioLog s | | | 580 | 13⅛ | 11⅝ | 13⅛ | +1⅛ |
| BioRes | | | 1661 | 6⅛ | 5⅝ | 6 | + ⅛ |
| Biogen | | | 2920 | 12⅝ | 11½ | 12⅛ | — ½ |
| Biomet | | | 377 | 25⅛ | 24½ | 24⅞ | — ⅛ |
| Biosrc | | | 316 | 2⅝ | 2⅛ | 2½ | + ⅛ |
| BiotcR | | | 190 | 7⅞ | 7 | 7 | — ⅛ |
| BirdInc | | | 1515 | 9⅝ | 8⅛ | 9⅝ | +1½ |
| Birdind | | | 1287 | 3⅛ | 3 | 3⅛ | |
| Birdvw | | | 4808 | 1⅝ | 1⅜ | 1⅛ | + ½ |
| BirStl | | | 3220 | 18 | 16⅛ | 18 | +1⅛ |
| BirtSh | | | 47 | 5⅝ | 5 | 5 | |
| BshGr | † | | 873 | 4⅛ | 3 | 3⅝ | + ⅝ |
| Blackl | .30e | 1.6 | 313 | 23½ | 19 | 19 | —3 |
| Blasius | | | 20 | 4⅞ | 4⅛ | 4½ | + ⅛ |
| BlocD s | .50b | 2.0 | 522 | 25⅜ | 24⅝ | 25⅛ | |
| BRdg un | | | 3 | 14 | 14 | 14 | |
| BoatBn | 1.65 | 4.0 | 2407 | 41½ | 40⅛ | 41⅛ | + ⅜ |
| BobEv | .30b | 1.4 | 2025 | 22⅛ | 21⅛ | 21⅞ | |
| Bohema | | | 784 | 16⅛ | 15 | 16⅛ | +1⅛ |
| BoltTc | .16 | 4.1 | 177 | 4⅞ | 3⅞ | 3⅞ | — ⅛ |
| BooleB | | | 380 | 6½ | 6⅛ | 6⅛ | — ⅛ |
| BoonEl | .65t | 13.7 | 31 | 5⅛ | 4⅝ | 4⅝ | — ⅛ |
| Boothin | | | 522 | 5⅝ | 4⅞ | 5 | + ⅛ |
| BostF | .30 | 1.7 | 1000 | 18 | 17⅛ | 17⅞ | + ⅛ |
| BstBc | 1.00 | 2.9 | 2456 | 34⅛ | 32½ | 34 | +1 |
| BstnDig | | | 159 | 4⅝ | 4 | 4 | — ⅛ |
| BstnFC | .60 | 1.5 | 1258 | 39⅞ | 38⅜ | 39½ | + ⅝ |
| BradRE | .80 | 6.2 | 56 | 13½ | 13 | 13 | — ⅛ |
| BradyW | .20 | .5 | 679 | 39½ | 38 | 38 | —1 |
| BraeCp | | | 197 | 11⅛ | 11½ | 11¾ | |
| Branch | 1.24 | 3.3 | 397 | 38⅛ | 36½ | 38 | +1⅛ |
| Brndin | | | 1525 | 3⅝ | 3 | 3⅝ | + ⅝ |
| Brenco | .12 | 2.2 | 1433 | 5½ | 4⅝ | 5½ | + ⅝ |
| Brnfwd | | | 513 | 7⅛ | 7 | 7 | — ⅛ |
| BdgCm | | | 7122 | 12⅛ | 11½ | 12½ | + ⅛ |
| BrdgFd | .03e | .6 | 21 | 4⅝ | 4⅜ | 4⅝ | |
| BritLee | | | 1984 | 9⅛ | 8½ | 8⅝ | |
| BrwnRb | | | 297 | 13⅛ | 12 | 13 | +1 |
| BrwTom | | | 1306 | ⅝ | ½ | ⅝ | — ⅛ |
| Bruno s | .16 | 1.0 | 10841 | 15⅝ | 15⅛ | 15⅝ | — ⅛ |
| Buffton | | | 294 | 4⅝ | 4⅛ | 4⅜ | + ⅜ |
| BullTs | | | 1336 | 30⅞ | 29½ | 30½ | +1 |
| BullBr s | | | 363 | 15½ | 13⅛ | 13⅛ | —1⅛ |

[illegible]

# Mutual Funds

*Figures as of close of trading Friday*

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

[illegible]

NL — No load (sales charge). † — Previous day's quote. r- Redemption charge may apply. x—Ex dividend.

(Continued on Page 19)

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# NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued from Page 18)

## EUROPEAN COMMUNITY

# U.S., EC May Discuss Farm Disputes in April

By Steven J. Dryden
*International Herald Tribune*

BRUSSELS — High-level trade and agricultural officials from the United States and the European Community are likely to meet in April to discuss increasingly contentious relations over farm trade.

The participants would include Willy de Clercq, the EC commissioner for exterior relations; Frans Andriessen, the EC agriculture minister; Richard E. Lyng, the U.S. secretary of agriculture-designate, and Clayton K. Yeutter, the U.S. trade representative.

The EC proposed the meeting last week during talks in Brussels between commission officials and Alan Woods, the deputy U.S. trade representative. U.S. officials said they were favorable to the idea of the April talks but have not yet given a formal reply to the invitation.

An EC spokeswoman said the talks would focus on the world agricultural situation. American officials said, however, that the United States wanted to discuss specific EC-U.S. disputes.

The most serious dispute concerns increased tariffs and other barriers to U.S. agricultural products imposed by Spain and Portugal as part of their terms of entry into the EC.

The United States, which estimates that it will lose close to $600 million a year in exports of soybeans, sorghum and corn because of the new barriers, wants early compensation from the EC.

The community has replied that the United States will gain from reduced Spanish tariffs on industrial goods, but suggested that the farm trade question be taken up in the slow-moving General Agreement on Tariffs and Trade.

### Germany Denies Promise Of Special Farming Aid

West Germany found itself in the firing line again over agriculture policy after Ignaz Kiechle, the West German farm minister, reportedly promised his country's farmers special financial aid.

Officials of the West German farmers' federation said Mr. Kiechle told them during a meeting last week that the government was prepared to grant farmers up to 1 billion Deutsche marks ($447 million) if the EC made cuts in farmers' incomes.

Mr. Kiechle's aides later denied the reports, but said he had acknowledged that West German farmers might need emergency aid after the EC farm prices are negotiated this spring. The Bonn government is under pressure to keep farmers satisfied before local elections in Lower Saxony in June.

A commission spokesman, asked about Mr. Kiechle's reported remarks, said, "If we agree on a certain level of prices they should be agreed across the board."

If they are not, "you risk the whole ball game," he said. Any special national aid for farmers must be approved unanimously by the Council of Ministers, he added.

The commission, seeking to keep the EC's huge agriculture surpluses under control, has proposed a freeze on most farm prices along with a 3-percent tax on cereal production, one of West Germany's most sensitive agricultural sectors.

Last year, West Germany irritated its EC partners by vetoing a reduction in cereal prices.

### Directors to Make Room For Spanish, Portuguese

Several top-level commission bureaucrats have decided to move aside or have been eased out to make room for Spanish and Portuguese personnel joining the EC civil service.

Spain will nominate replacements for the directors-general of the regional policy and transport departments. Portugal will name a new director-general for the Customs Union Service, which is being enlarged to include part of the department of financial institutions and taxation.

In the midst of this shake-up, Michel Carpentier, the French director-general of the task force on information and telecommunications technologies, has been given an additional responsibility: the department for the information market and innovation.

Although some of them may not have asked for early retirement, the departing directors-general will benefit from the commission's generosity to its ranking officials.

They will receive their full salaries of 360,000 Belgian francs ($7,850) a month for the first three months after leaving, 85 percent of that sum for next three months and 70 percent for the next five years. At that time, they will continue to receive 60 percent of the salary until reaching retirement age.

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# De Beers Is Said to Deplete Namibian Diamond Fields

*Compiled by Our Staff From Dispatches*

JOHANNESBURG — A judicial commission in South-West Africa, or Namibia, has accused the world's largest diamond producer of systematically depleting Namibian deposits in breach of an agreement with the territory's administration.

The commission said Friday that De Beers Consolidated Mines Ltd. instructed its company in Namibia, Consolidated Diamond Mines, to strip diamond deposits near the west coast town of Oranjemund in the late 1960s and 1970s in anticipation that the territory would become independent.

Critics have long said that De Beers has tried to strip the diamond fields of their best gems before its activities are curtailed by political change.

In a statement Sunday, Consolidated Diamond Mines said it "rejects the commission's findings relating to the conduct of its affairs." De Beers is tied by a system of cross-holdings to Anglo-American Corp., South Africa's biggest gold producer.

South Africa, which dominates Namibia in defiance of the United Nations, has been fighting Soviet-armed guerrillas in the north who oppose exploitation of Namibia's mineral resources. It says it will give the territory independence if Cuba withdraws its troops from neighboring Angola.

The accusations were made in a nine-volume report by Justice P.W. Thirion, a judge appointed in 1982 to head the commission.

The report said a pact, called the Halbscheid Agreement, had been struck in 1923 between De Beers and the South African administration giving the mining company rights in Namibian diamond fields.

But the agreement, Justice Thirion said, stipulated that mining operations should not exhaust more valuable deposits at the expense of low-grade ore. The intention was to insure the greatest possible extraction of minerals. The mining of low-grade ore would not by itself be economically viable.

Justice Thirion's report said a commission serving under him was "satisfied that excessive depletion of the reserves in respect of grade and stone size" occurred on various occasions from the 1940s onward.

*(UPI, NYT, Reuters)*

# Sacrifice Without Growth Frustrates Argentines

(Continued from Page 15)

pect any substantial growth in the near future. The average Argentine has experienced a 28-percent drop in purchasing power, they added.

Argentines also complain that government services have fallen off. Children roam the Buenos Aires streets panhandling, women with children beg on the once fashionable Avenida Florida, and the city's once stately parks are littered with trash.

"People are complaining and are frustrated, but that does not mean they want a change of government," said Pablo Werning, a mathematics professor.

Mr. Alfonsín said last month that more budget cuts were imminent. Where these will be made is unclear. They are necessary, in part, because a plan to make the government-owned companies repay their portion of the foreign debt has failed, economists said.

Instead, much of the bill is being picked up by the national treasury, and money that would have gone to maintain services is being used to bail out government-owned companies, the economists said.

Mr. Alfonsín has kept his promise, however, not to print money that is not backed by income. Until the Austral Plan went into effect, the government merely brought out the printing press when there was a shortfall.

The deficits for Argentina's 353 government-owned companies are substantial. Yacimientos Petrolíferos Fiscales, the government-owned oil company, for example, will have a deficit of $700 million this year. "The bottom line is that state companies should be managed like any private company," the president of a large conglomerate said. "They should account for their profits and losses."

The government recently announced the sale of a handful of them, but those being sold are profitable. Mr. Alfonsín also created a new government post in January to turn the losers around.

The government has also announced some loan credits to raise export revenue. Total exports fell to $7.9 billion last year, from $8.1 billion in 1984, and are expected to decline again this year.

It is questionable, however, whether the new credits, combined with existing export duties, indeed add up to an incentive, economists said. Humberto Volando, president of the Argentine Agrarian Federation, said after a meeting with Mr. Alfonsín that the new measures were positive "but not enough."

At the beginning of last week, four major agricultural associations called for an "urgent" change in the government's economic policies. "The Austral Plan is insufficient to inspire investment and growth," they said in a statement.

While Mr. Alfonsín's economic team works out a more elaborate second stage to the Austral Plan, economists said, the first stage's ability to slow inflation could weaken if the price-gouging continues or the government gives in to wage demands.

### ■ Retail Sales Fall 40%

Retail sales in Buenos Aires in February were 40 percent lower than a year earlier because of the austerity plan in force since last June, the local Federation of Commerce said Saturday, Agence France-Presse reported.

The business group said retailers were being squeezed by "innumerable" increases of wholesale prices "whether these were authorized or not."

That left storekeepers with the choice of losing money or violating retail price ceilings, the group said.

# Last Week's NYSE

## NYSE Most Actives

| Vol. | | High | Low | Last | Chg. |
|---|---|---|---|---|---|
| WnAirL | 168587 | 12⅝ | 10⅝ | 12 | +2 |
| IBM | 128011 | 153¼ | 144½ | 146 | —4⅝ |
| EsKod s | 99199 | 59½ | 53¾ | 58 | +2 |
| BnkAm | 77762 | 17⅛ | 15 | 16¼ | —1⅝ |
| AT&T | 75270 | 22¾ | 22⅛ | 22½ | —⅛ |
| McDerl | 69231 | 18⅝ | 14½ | 18 | +3⅝ |
| MerLyn | 65696 | 43⅝ | 40⅝ | 42 | +1⅛ |
| AmMot | 64311 | 4⅛ | 3½ | 4 | +⅛ |
| Texaco | 63528 | 30⅛ | 26⅝ | 27⅛ | —3 |
| SouthCo | 58163 | 23⅝ | 22½ | 22¾ | —⅛ |
| OccIPet | 57667 | 26⅜ | 22⅛ | 23⅛ | —2⅞ |
| EastAir | 57643 | 9⅛ | 8⅜ | 8⅞ | +⅛ |
| UCarb s | 57067 | 20 | 18⅞ | 19⅝ | +⅛ |
| GlfStUt | 56709 | 13⅛ | 10⅝ | 11 | —2⅛ |
| Sperry | 54581 | 52 | 48⅞ | 49⅞ | —2⅞ |
| PacGE | 54092 | 23⅛ | 22⅛ | 22½ | —⅛ |
| PhilPt s | 53566 | 10⅝ | 9½ | 9½ | —1⅛ |
| GMot | 53125 | 81¾ | 77 | 80⅞ | +2⅞ |
| Mobil | 53006 | 29 | 26⅛ | 26⅞ | —2⅛ |
| HCA | 51546 | 39⅞ | 35 | 39⅛ | +3⅞ |
| BeatCo | 50558 | 47⅛ | 46⅜ | 47⅛ | +¼ |
| Exxon | 47844 | 52⅞ | 51⅝ | 52⅛ | |
| USSteel | 45871 | 24 | 22⅛ | 22¼ | —1⅞ |
| CmwE | 44331 | 35 | 33⅛ | 33⅞ | —1 |
| AmExp | 42792 | 68⅛ | 65⅞ | 66⅞ | +1⅛ |

## NYSE Diaries

| | This Wk | Last Wk |
|---|---|---|
| Advanced | 1231 | 1382 |
| Declined | 812 | 688 |
| Unchanged | 208 | 186 |
| Total Issues | 2251 | 2256 |
| New Highs | 730 | 806 |
| New Lows | 58 | 46 |

## NYSE Sales

| | Sales Vol. |
|---|---|
| Total for week | 793,960,000 |
| Week ago | 824,050,000 |
| Year ago | 543,880,000 |
| Two years ago | 397,340,000 |
| Jan 1 to date | 6,572,361,309 |
| 1985 to date | 5,552,030,000 |
| 1984 to date | 4,736,090,000 |

# Treasury Bills

Figures as of close of trading Friday

| Hi | Lo | Mat | Bid | Ask | Yld | Chg |
|---|---|---|---|---|---|---|
| 7.43 | 5.93 | Mar 13 86 | 5.52 | 5.38 | 5.46 | —.41 |
| 9.25 | 6.23 | Mar 20 86 | 6.17 | 6.04 | 6.13 | —.11 |
| 7.34 | 6.10 | Mar 27 86 | 5.67 | 5.55 | 5.64 | —.43 |
| 7.45 | 6.16 | Apr 03 86 | 6.19 | 6.13 | 6.24 | +.03 |
| 7.46 | 6.10 | Apr 10 86 | 6.14 | 6.08 | 6.20 | +.04 |
| 8.45 | 6.43 | Apr 17 86 | 6.44 | 6.40 | 6.53 | +.01 |
| 7.45 | 6.38 | Apr 24 86 | 6.46 | 6.40 | 6.54 | +.08 |
| 7.39 | 6.65 | May 01 86 | 6.61 | 6.55 | 6.70 | —.04 |
| 7.38 | 6.71 | May 08 86 | 6.68 | 6.64 | 6.81 | —.03 |
| 7.84 | 6.73 | May 15 86 | 6.68 | 6.64 | 6.83 | —.05 |
| 7.34 | 6.72 | May 22 86 | 6.67 | 6.63 | 6.81 | —.05 |
| 7.33 | 6.72 | May 29 86 | 6.71 | 6.67 | 6.87 | —.01 |
| 7.32 | 6.69 | Jun 05 86 | 6.61 | 6.55 | 6.79 | —.08 |
| 7.63 | 6.65 | Jun 12 86 | 6.60 | 6.56 | 6.77 | —.05 |
| 7.31 | 6.71 | Jun 19 86 | 6.65 | 6.61 | 6.83 | —.06 |
| 7.26 | 6.55 | Jun 26 86 | 6.51 | 6.45 | 6.67 | —.04 |
| 7.31 | 6.76 | Jul 03 86 | 6.70 | 6.66 | 6.90 | —.06 |
| 7.64 | 6.76 | Jul 10 86 | 6.70 | 6.66 | 6.91 | —.06 |
| 7.28 | 6.77 | Jul 17 86 | 6.70 | 6.66 | 6.92 | —.07 |
| 7.27 | 6.78 | Jul 24 86 | 6.70 | 6.66 | 6.93 | —.08 |
| 7.26 | 6.77 | Jul 31 86 | 6.70 | 6.68 | 6.97 | —.07 |
| 7.67 | 6.78 | Aug 07 86 | 6.78 | 6.74 | 7.03 | |
| 7.17 | 6.77 | Aug 14 86 | 6.69 | 6.65 | 6.94 | —.08 |
| 7.17 | 6.78 | Aug 21 86 | 6.70 | 6.66 | 6.96 | —.08 |
| 7.06 | 6.76 | Aug 28 86 | 6.68 | 6.64 | 6.95 | —.08 |
| 7.44 | 6.49 | Sep 04 86 | 6.61 | 6.59 | 6.91 | —.08 |
| 7.52 | 6.73 | Oct 02 86 | 6.67 | 6.63 | 6.96 | —.06 |
| 7.51 | 6.73 | Oct 30 86 | 6.67 | 6.63 | 6.97 | —.06 |
| 7.41 | 6.73 | Nov 28 86 | 6.68 | 6.64 | 7.00 | —.05 |
| 7.40 | 6.72 | Dec 26 86 | 6.66 | 6.62 | 7.08 | —.06 |
| 7.27 | 6.72 | Jan 22 87 | 6.66 | 6.64 | 7.04 | —.06 |
| 7.16 | 6.69 | Feb 19 87 | 6.63 | 6.61 | 7.04 | —.06 |

# Last Week's AMEX

## AMEX Most Actives

| Vol. | | High | Low | Last | Chng. |
|---|---|---|---|---|---|
| Wickes | 142944 | 5⅝ | 4⅝ | 5⅝ | +⅝ |
| KeyPh | 66791 | 16⅛ | 14¼ | 15¾ | +⅜ |
| TexAir | 27554 | 28¼ | 24⅞ | 26½ | —2 |
| BAT In | 25371 | 5½ | 5⅜ | 5⅜ | —⅛ |
| ChmpH | 21383 | 3¼ | 2⅛ | 3¼ | +1 |
| WangB | 17975 | 20⅝ | 19 | 19⅞ | —⅛ |
| OzarkH | 17167 | 17⅛ | 16⅞ | 16⅞ | —⅜ |
| Delmed | 15390 | 1⅞ | 1⅛ | 1⅜ | —⅛ |
| IntBknt | 15158 | 4⅞ | 3½ | 4⅛ | +1⅛ |
| DomeP | 14417 | 1⅞ | 1⅞ | 1⅜ | |
| RoonyP | 13796 | 2 | 1⅝ | 1⅞ | +⅛ |
| TIE | 13778 | 6⅛ | 5½ | 6¼ | +⅞ |
| PhilLD | 12775 | 4⅛ | 3⅞ | 3⅞ | —⅛ |
| AM Intl | 12268 | 8 | 7⅜ | 7⅞ | |
| LarmT n | 11145 | 23½ | 22⅛ | 23 | —⅛ |
| Dillrd s | 9825 | 39¼ | 37½ | 38⅞ | +⅛ |
| Holmi | 8902 | 4⅛ | 3⅞ | 4 | +⅛ |
| ChIMA s | 8646 | 19⅛ | 18½ | 18⅞ | +⅛ |
| EchoB g | 7975 | 14⅛ | 13⅜ | 14 | +⅛ |
| Matrix s | 7836 | 25⅞ | 19⅛ | 22 | —2⅞ |
| Lionel | 7187 | 8⅛ | 7⅞ | 8⅛ | |
| Amdahl | 6882 | 16⅛ | 15 | 15⅞ | —⅞ |
| Wicks ptA | 6354 | 34 | 30⅛ | 33½ | +3⅝ |
| Wicks wt | 6280 | 3⅝ | 2⅝ | 3 | +½ |
| Husky g | 6132 | 5⅛ | 5⅝ | 5½ | —⅛ |

## AMEX Diaries

| | This Wk | Last Wk |
|---|---|---|
| Advanced | 445 | 565 |
| Declined | 348 | 230 |
| Unchanged | 136 | 129 |
| Total Issues | 929 | 924 |
| New Highs | 207 | 203 |
| New Lows | 33 | 32 |

## AMEX Sales

| | Sales Vol. |
|---|---|
| Total for week | 84,570,000 |
| Week ago | 45,040,000 |
| Year ago | 45,040,000 |
| Jan 1 to date | 594,300,000 |
| 1985 to date | 453,000,000 |
| AMERICAN BONDS = | |
| Total for week | 25,540,000 |
| Year ago | 11,520,000 |

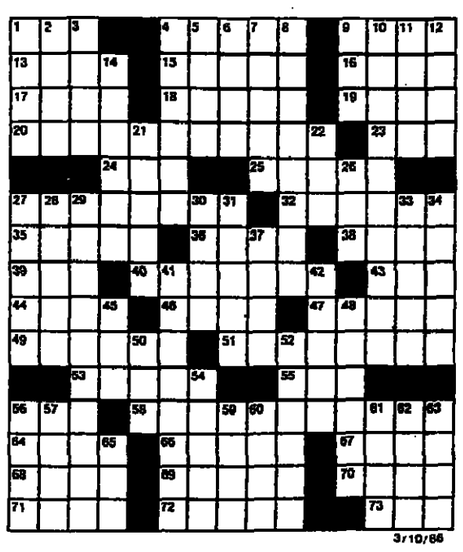
# Chicago Exchange Options

Figures as of close of trading Friday.

# American Exchange Options

Figures as of close of trading Friday.

Total volume 326,695
Open interest 2,405,758
r—Not traded. s—None offered. o—Old.



3/10/86

**ACROSS**

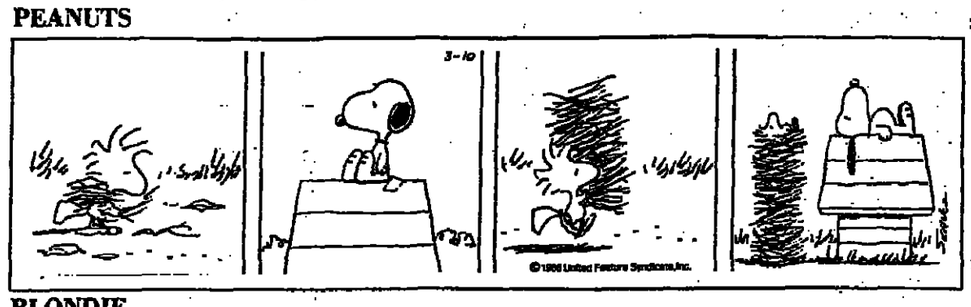
1 One —— time
4 Blow one's own horn
9 Words of comprehension
13 Island dance
15 Kukla's pal
16 Agile
17 Egyptian symbol
18 Life stories, for short
19 Golda of Israel
20 Region of Pa.
23 Born
24 Debussy heroine
25 Place
27 Peters and Flack
32 Opens a bottle
35 Extreme
36 Spill the beans
38 Dark
39 Between tic and toe
40 Economized
43 *G.I.'s* haven
44 Actress Sommer
46 Unappealing feeling
47 Right-hand page
49 Jeanne, e.g.
51 Lined
53 Approaches
55 Former Mideast gp.
56 Table part
58 Solo tap dance
64 Between siete and nueve
66 Lures
67 Prefix with graph
68 Jordanian, e.g.
69 —— ease (uncomfortable)
70 Richard from Philadelphia
71 Autumn blooms, for short
72 Poem segment
73 Call for help

**DOWN**

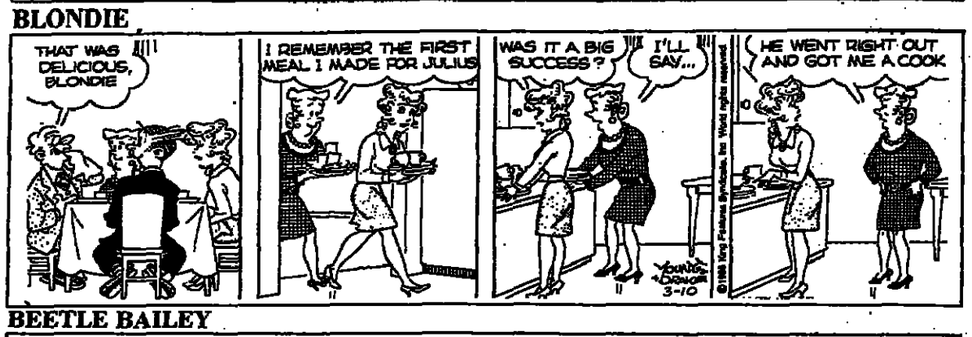
1 Seventh king of Israel
2 Nobelist for Peace: 1984
3 A Waugh
4 Lynx's kin
5 Potpourri
6 Baseball's Matty
7 Roadside sights
8 Laboratory implement
9 Dogma
10 Derby winner: 1985
11 U.S. canal
12 "Jane ——"
14 Short sock
21 Begets
22 Urge
26 Card or pilot
27 Judges
28 Fla. city
29 British palace
30 Steinbeck temptress
31 "Abbie an' ——"
33 French mail
34 Hair covering
37 In —— (sulking)
41 Angellike
42 Terror
45 Abilene-to-Fort Worth dir.
48 Insect
50 Folder extension
52 Totals, as a bill
54 La ——, Milan's opera house
56 Good earth
57 Shade of tan
59 Oast
60 Rat- ——
61 March 15
62 Pianist Peter
63 Porter's "Anything ——"
65 Lexicographer's abbr.

© *New York Times, edited by Eugene Maleska.*

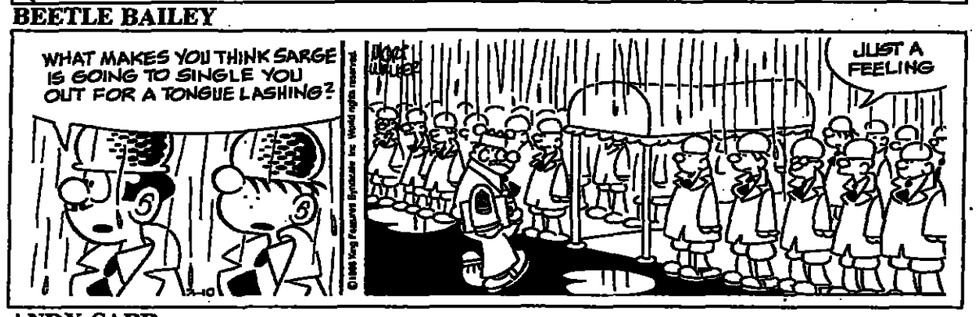
**PEANUTS**



**BLONDIE**




**BEETLE BAILEY**

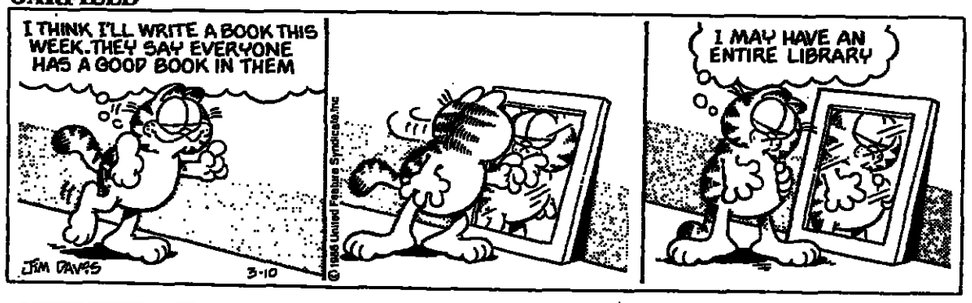



**ANDY CAPP**

**WIZARD of ID**

**REX MORGAN**

**GARFIELD**




**DENNIS THE MENACE**

**JUMBLE.** THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ORRAM

SOPIE

BANZER

LADJIE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: AN

(Answers tomorrow)

Friday's Jumbles: FABLE CHICK OPAQUE VANITY
Answer: Apparently, a guy who eats and drinks too much would rather be a good liver than this—HAVE ONE

# WEATHER

| EUROPE | HIGH C | HIGH F | LOW C | LOW F | |
|---|---|---|---|---|---|
| Algarve | 16 | 61 | 7 | 45 | fr |
| Amsterdam | 5 | 41 | 0 | 32 | fr |
| Athens | 15 | 59 | 10 | 50 | o |
| Barcelona | 16 | 61 | 7 | 45 | o |
| Belgrade | 8 | 46 | 0 | 32 | o |
| Berlin | 5 | 41 | 0 | 32 | o |
| Brussels | 6 | 43 | -1 | 30 | fr |
| Bucharest | 6 | 43 | -1 | 30 | o |
| Budapest | 10 | 50 | 0 | 32 | cl |
| Copenhagen | 1 | 34 | -1 | 30 | o |
| Costa Del Sol | — | — | — | — | no |
| Dublin | 9 | 48 | 5 | 41 | cl |
| Edinburgh | 10 | 50 | 5 | 41 | cl |
| Florence | 16 | 61 | 8 | 46 | cl |
| Frankfurt | 7 | 45 | 2 | 36 | fr |
| Geneva | 6 | 43 | 0 | 32 | fr |
| Helsinki | 1 | 34 | 0 | 32 | o |
| Istanbul | 6 | 43 | 3 | 37 | o |
| Las Palmas | — | — | — | — | no |
| Lisbon | 14 | 61 | 8 | 46 | cl |
| London | 9 | 48 | 1 | 34 | r |
| Madrid | 15 | 59 | 4 | 39 | cl |
| Milan | 10 | 50 | 6 | 43 | o |
| Moscow | 3 | 37 | -1 | 30 | o |
| Munich | 3 | 37 | 0 | 32 | o |
| Nice | 15 | 59 | 8 | 46 | fr |
| Oslo | 1 | 34 | 0 | 32 | o |
| Paris | 9 | 48 | 1 | 34 | fr |
| Prague | 3 | 37 | 0 | 32 | o |
| Reykjavik | 1 | 34 | 0 | 32 | fr |
| Rome | 15 | 59 | 9 | 48 | o |
| Stockholm | 1 | 34 | 0 | 32 | o |
| Strasbourg | 6 | 43 | 1 | 34 | o |
| Venice | 12 | 54 | 7 | 45 | cl |
| Vienna | 6 | 43 | 1 | 34 | o |
| Warsaw | 5 | 41 | 2 | 36 | o |
| Zurich | 5 | 41 | 0 | 32 | cl |
| **MIDDLE EAST** | | | | | |
| Ankara | 14 | 57 | 0 | 32 | cl |
| Beirut | — | — | — | — | no |
| Damascus | 16 | 61 | 4 | 39 | fr |
| Jerusalem | 17 | 63 | 8 | 46 | cl |
| Tel Aviv | 22 | 72 | 14 | 57 | o |
| **OCEANIA** | | | | | |
| Auckland | 23 | 73 | 13 | 55 | cl |
| Sydney | 24 | 75 | 16 | 61 | fr |

| ASIA | HIGH C | HIGH F | LOW C | LOW F | |
|---|---|---|---|---|---|
| Bangkok | 31 | 88 | 23 | 73 | fr |
| Beijing | 6 | 43 | 0 | 32 | cl |
| Hong Kong | 20 | 68 | 16 | 61 | cl |
| Manila | 30 | 86 | 23 | 73 | fr |
| New Delhi | 31 | 88 | 15 | 59 | fr |
| Seoul | 6 | 43 | 3 | 37 | o |
| Shanghai | 14 | 57 | 6 | 43 | o |
| Singapore | 31 | 88 | 23 | 73 | fr |
| Taipei | 23 | 73 | 15 | 59 | fr |
| Tokyo | 18 | 64 | 6 | 43 | cl |
| **AFRICA** | | | | | |
| Algiers | 12 | 54 | 8 | 46 | r |
| Cairo | 25 | 77 | 12 | 54 | r |
| Cape Town | 27 | 81 | 16 | 61 | cl |
| Casablanca | 14 | 57 | 8 | 46 | cl |
| Harare | 29 | 77 | 16 | 61 | o |
| Lagos | 30 | 86 | 25 | 77 | o |
| Nairobi | 28 | 82 | 14 | 57 | cl |
| Tunis | 17 | 63 | 7 | 45 | r |
| **LATIN AMERICA** | | | | | |
| Buenos Aires | 24 | 75 | 15 | 59 | sl |
| Caracas | 27 | 81 | 16 | 61 | cl |
| Lima | 26 | 79 | 20 | 68 | o |
| Mexico City | 26 | 79 | 5 | 41 | fr |
| Rio de Janeiro | 28 | 82 | 21 | 70 | cl |
| **NORTH AMERICA** | | | | | |
| Anchorage | -2 | 28 | -11 | 12 | sw |
| Atlanta | 22 | 72 | 4 | 39 | fr |
| Boston | 4 | 39 | -6 | 21 | cl |
| Chicago | 12 | 54 | -4 | 25 | cl |
| Denver | 15 | 59 | -1 | 31 | cl |
| Detroit | 7 | 45 | -1 | 30 | cl |
| Honolulu | 30 | 86 | 20 | 68 | fr |
| Houston | 27 | 81 | 16 | 61 | pc |
| Los Angeles | 19 | 66 | 13 | 55 | pc |
| Miami | 24 | 75 | 18 | 64 | pc |
| Minneapolis | 3 | 37 | -3 | 27 | cl |
| Montreal | -12 | 10 | -22 | -8 | cl |
| Nassau | 25 | 77 | 14 | 57 | fr |
| New York | 7 | 45 | -5 | 23 | cl |
| San Francisco | 15 | 59 | 11 | 52 | r |
| Seattle | 12 | 54 | 5 | 41 | pc |
| Toronto | -9 | 16 | -20 | -4 | cl |
| Washington | 15 | 59 | 7 | 45 | pc |

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Fair. Temp. 8 — 1 (46 — 34). LONDON: Rain. Temp. 8 — 3 (46 — 37). MADRID: Cloudy. Temp. 14 — 5 (57 — 41). NEW YORK: Partly cloudy. Temp. 6 — 5 (43 — 41). PARIS: Fair. Temp. 10 — 1 (50 — 34). ROME: Rain. Temp. 13 — 7 (55 — 45). TEL AVIV: NA. ZURICH: Fair. Temp. 7 — 1 (45 — 34). BANGKOK: Foggy. Temp. 32 — 25 (90 — 77). HONG KONG: Fair. Temp. 23 — 18 (73 — 64). MANILA: Cloudy. Temp. 30 — 22 (86 — 72). SEOUL: Foggy. Temp. 9 — 2 (48 — 36). SINGAPORE: Showers. Temp. 27 — 23 (81 — 73). TOKYO: Showers. Temp. 10 — 5 (50 — 41).

# SPORTS BRIEFS

## S. Korean Keeps WBA Title on Decision

SEOUL (Combined Dispatches) — Yoo Myong-woo of South Korea won a unanimous decision Sunday over José de Jesus, the Puerto Rican challenger, and retained his World Boxing Association junior flyweight crown.

The 22-year-old champion used left jabs and combinations to keep de Jesus, 24, on the defensive through most of the 15 rounds at Suwon, south of Seoul. Twice the challenger was in serious trouble but was saved by the bell. There were no knockdowns.

Yoo was defending the title he won from American Joey Olivo on a split decision last December. He is 20-0 lifetime. De Jesus is 15-1-1. *(AP, AFP)*

## Green Shoots a 64 to Lead Doral Golf

MIAMI (UPI) — Hubert Green birdied seven of the first nine holes Saturday on his way to an 8-under-par 64 and a two-stroke lead after three rounds of the Doral Eastern Open golf tournament.

Green's nine-hole score of 29 tied a tournament record. Green finished the day at 12-under-par 204 and went into Sunday's final round two shots in front of Tom Kite at 206.

Kite shot a 67 on Friday to lead by three shots, but managed only a 73 on Saturday. Next at 9-under-par 207 were Andy Bean, Jim Thorpe and D.A. Weibring.

## Japan Dominates Winter Asian Games

SAPPORO, Japan (UPI) — Japanese skiers and skaters took home 29 of 35 gold medals from the first Winter Asian Games, which ended Saturday.

China won four golds, South Korea one and North Korea one. The Chinese won a surprise victory in ice hockey by beating the Japanese in their first game and gaining a 4-4 tie in the championship game.

Japan swept the eight indoor short track speed-skating races, and won the three biathlon competitions and the four alpine events. China gained 21 medals, including golds in 1,000-meter (1,088-yard) women's speed skating, women's cross-country relay and ice dancing. South Korea had 18 medals in all. North Korea had eight.

## For the Record

**Hector Camacho will defend** his World Boxing Council lightweight crown against Edwin Rosario of Puerto Rico, a former titleholder, on June 13 in New York, the promoter Don King announced. *(AP)*

**Yugoslavia won its first world handball championship** by defeating Hungary 24-22 on Saturday in Zurich. *(AP)*

**A 15-year-old Chinese walker**, Wang Yan, beat the world record for the women's 5-kilometer (3.1-mile) walk on Sunday in a tournament in Jiangxi province, Xinhua News Agency reported. Her time was 21 minutes, 33.8 seconds, bettering the 21:36.2 by Olga Krishtop of the Soviet Union in August 1984. *(AP)*

## Quotable

● Frank Layden, portly coach of the Utah Jazz, in a speech to the Utah Bar Association: "I won't keep you long. They feed me again in three hours." *(LAT)*

Reuters

## Hurdler McKoy Sets 2d Record

Canadian Mark McKoy set a world indoor best of 7.47 seconds in the 60-meter hurdles at a track meet Saturday in Tokyo. Three days earlier, McKoy had lowered the indoor mark for the 50-meter hurdles to 6.25 seconds at a similar one-day event in Kobe. His performance Saturday shaded the record of 7.48 set by East German Thomas Munkelt in 1983.

# BOOKS

## ARCTIC DREAMS

*By Barry Lopez. 464 pages. $22.95. Charles Scribner's Sons, 597 Fifth Avenue, New York, N. Y. 10017.*

Reviewed by Richard Eder

IT is as if the Earth's crust had worn paper-thin up there, and living Nature were the most precarious of sparks and liable to go out at any sudden gust. For Barry Lopez, the ring of arctic territories around the frozen polar ocean — the Yukon, Alaska, Siberia, Novaya Zemlya, Svalbard, Greenland — are an enchanted land in a fearful morality tale.

"Arctic Dreams," a record of four years of travel and reflections above the Arctic Circle, is a number of things. It is a lyrical geography and natural history, an account of Eskimo life, and a history of northern explorations. But mainly it is a poetic, though sometimes awkward, reflection about the meaning of humankind's encounter with the planet, taken at its extreme. Its question, starting as ecology and working into metaphysics, is whether civilization can find a way of adapting itself to the natural world before its predilection for adapting the natural world to itself destroys self and world, both.

The arctic has always drawn prospectors: first for furs, then for gold, now for oil and, as always, for scientific knowledge. In his four years, Lopez traveled with oilmen, construction crews, meteorologists, zoologists and Eskimos. What he was prospecting for was beauty and a sense of wonder. Having found them, his message is not "come and get rich," but "come and abstain," or "stay away altogether, and preserve another kind of wealth."

The book begins and ends with a bow. Lopez is walking in the tundra among the ground nests of plovers, longspurs and snowy owls; and their beauty forces a gesture of homage. And in the last pages, after accompanying an Eskimo party on a walrus kill, he tries to reconcile his hosts' reverence for Nature with their joyful bloodletting. The need to revere the world while praying upon it tightens inside him into a paradox that only a bow can relieve. Between these bows, one lyrical and one tormented, "Arctic Dreams" unfolds.

The author ranges from phytoplankton to musk oxen, from a consideration of northern light to the American school of Luminist painters, from the reason explorers died from eating polar-bear heart — excess vitamin A — to the suitability of the Hopi language for discussing the theory of relativity.

There is a wealth of striking and suggestive detail. The Greeks named the region "Arktikos," or land of the bear, not because they had been there or knew about polar bears, but because the Great Bear constellation shone over it. It was, appropriately, a place named for the stars.

Lopez is intoxicated with the landscape. Dry as the Mojave desert, its apparent barrenness in the summer disguises the detail and nuance that rewards those who walk and observe. It has a slow beauty, and Lopez is at his best in talking about this slowness. Of the Ellesmere Island tundra, he writes: "The winter face of a musk ox its unperturbed eye glistening in a halo of snow-crusted hair, looks at you over a cataract of time, an image that has endured through all the pulsations of ice.

"You can sit for a long time with a history of man like a stone in your hand. The stillness, the pure light, encourage it."

He does not so much describe the landscapes as conduct a dialogue with them, and often this dialogue is more evocative than any simple description could be. One of his themes is the vulnerability of life where life is only just possible. Seventy-five thousand musk oxen perish when an October rain freezes, covering their forage-grounds. He sees a loon paddling vainly to keep a stretch of water clear from ice so her mate, bringing food, can land. If anything, this is more vivid than his dramatic account of a narrow escape when ice closed in on a launch he was traveling in.

"Animals are always testing the landscape," he writes, "experimenting, pushing at the borders of their familiar areas in response to changes in their environment."

This awareness of nature, this ability to hear its signals and adapt to them is, for Lopez, a kind of model for humans, as well. Modern civilization, he argues, has become so accustomed to imposing itself on its surroundings that it has lost the will or ability to learn from them. And in losing this attentiveness, we have lost a part of our humanity that so-called primitives, such as the Eskimos, have preserved.

The book's main weakness lies in the author's struggle with his lyricism. Sometimes he succeeds quite strikingly. At other times he brings on herds of highly colored language without marshaling the discipline needed to make them work. Many of his more highly charged sentences are irregularly packed, and their cargoes shift and bump. There are several misspellings, and misplaced commas makes the book's hazier bits of syntax even more difficult to follow.

Lopez's vision is an exalted one. Even the contradictions he falls into are illuminating. He is striving to re-create the reverence for the land that we have so largely lost. He delights in the arctic because it seems to be "almost not touched . . . by human schemes." But he is only a visitor; if he lived there, he would have his schemes. The Eskimos have them, as he recognizes in his final thoughts about reconciling our divergent needs to belong to Nature and to prevail over it, and in his final bow.

*Richard Eder is on the staff of the Los Angeles Times.*

**Solution to Friday's Puzzle**

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S | P | A | M | | C | O | L | A | | G | U | T | S | Y |
| O | O | N | A | | L | O | I | S | | A | L | O | H | A |
| L | O | N | G | J | O | H | N | S | | L | E | M | O | N |
| D | R | A | P | E | S | | Z | E | R | O | | F | O | G |
| | | | I | T | E | M | | T | O | R | S | O | | |
| M | A | J | E | S | T | I | C | | L | E | T | O | F | F |
| U | S | E | | A | S | T | R | A | L | | A | L | L | E |
| S | C | R | A | M | | C | A | P | | D | R | E | A | M |
| T | O | R | E | | S | H | I | I | T | E | | R | I | M |
| S | T | Y | R | O | N | | G | A | R | G | O | Y | L | E |
| | | B | O | R | A | X | | N | E | R | D | | | |
| L | O | U | | A | G | R | A | | L | E | D | G | E | S |
| A | V | I | A | N | | A | P | P | L | E | J | A | C | K |
| Z | E | L | I | G | | Y | O | G | I | | O | T | H | E |
| E | N | T | R | E | | S | T | A | S | | B | O | O | P |

3/8/86

# BRIDGE

By Alan Truscott

MOST novices, and many players of greater experience who should know better, have the bad habit of playing quickly to the first trick. The diagramed deal, and many others, should cure them but probably will not.

A simple bidding sequence carries South to four hearts and he receives the lead of the club jack. Those who follow the "play now, think later" principle promptly play the club queen from dummy. They go down, equally promptly, because East wins with the ace and shifts to diamonds. West takes two tricks in that suit, and South eventually loses a spade trick for down one.

Prudent players, taking a little longer to play to the first trick, find a safe road to ten tricks. Since a diamond shift is predictable and unwelcome, they play low from dummy, losing a club trick to West instead of East.

Whatever West does, South can in due course ruff out the club ace, establishing a club winner for a diamond discard. And it does not help East to take the first trick since that would give South two discards for his spade losers.

NORTH (D)
♠ A 7 3
♥ K J 9 4
♦ 9 8 6 3
♣ K Q 5

WEST
♠ J 9 5
♥ 8
♦ A Q 7 4
♣ J 10 9 6 4

EAST
♠ Q 10 4
♥ 7 5
♦ 10 8 3 2
♣ A 8 3 2

SOUTH
♠ K 8 6 3
♥ A Q 10 8 3 2
♦ K J
♣ 7

Both sides were vulnerable. The bidding:

| North | East | South | West |
|---|---|---|---|
| 1 ♠ | Pass | 1 ♥ | Pass |
| 2 ♥ | Pass | 4 ♥ | Pass |
| Pass | Pass | | |

West led the club jack.

# *China: Super Sunday*

*The Associated Press*

BEIJING — William (The Refrigerator) Perry and the Chicago Bears stomped their way through millions of households Sunday in a telecast of Superbowl XX that introduced Chinese to the mysteries of "olive ball."

As many as 300 million people in this country of more than 1 billion saw U.S. football for the first time, according to China Central Television.

"It's fierce, it's intense," said 102-year-old Zhu Yongan as she sat on her bed in Beijing's Dongcheng district. "I've never seen anything like it. And I don't get it at all."

Chinese call the game *"gan lan qiu,"* or olive ball, because of the shape of the ball. They saw highlights of the Jan. 26 clash in which the *"Ju Xiong"* (Giant Bear) crushed the *"Ai Guo Zhe"* (Patriot), 46-10, for the National Football League championship.

"We try to introduce all sports of the world to our viewers, and American football is a fine sport, so we're showing it," said Shi Qixin, an editor at CCTV.

Huang Ying, 15, who lives in the same back-alley courtyard as Zhu, said watching the game was great fun and she would love her school to form a team. "Did you hear that?" she giggled, turning away from her family's color set. "They just called No. 72 *'Dian Bingxiang'* [Electric Refrigerator]."

Seventy-two is worn by Perry, Chicago's massive defensive lineman and sometime ball carrier. Chinese refrigerators are about half the size of their U.S. counterparts and are among the most coveted household possessions.

"That Electric Refrigerator's really something," said another courtyard dweller, Wang Zhenjiang, 27. "They said he eats four whole chickens for lunch."

The 90-minute broadcast began with a videotaped message from U.S. Ambassador Winston Lord that included greetings to the Chinese people from President Reagan, a former sportscaster.

"Although the sport is a profit-making business — each team is privately owned — the people of each city take great pride in their local teams," Reagan's message said. "All this, of course, adds to the excitement."

In China, the government controls all sports activities.

During the game, a Chinese announcer explained that football is a favorite U.S. spectator sport and that many Americans spent six to seven hours watching Super Bowl and pregame activities that weekend.

Most scenes showed dramatic passes, rushes or fumbles, but there were fleeting glimpses of bundled-up fans and cheerleaders.

Restaurant worker Yang Xuejuan, 39, said that the enthusiastic U.S. spectators were like Chinese watching a soccer match — "except that in olive ball, we don't understand what winning is."

Soccer and volleyball are the most popular spectator sports in China, especially since the women's volleyball team won the Olympic gold medal in 1984 and World Cup title last year.

Huang Zhiwen, a writer for the official Tiyu Bao (Sports News), said he and five other reporters watched the broadcast in their newsroom. "We liked the quarterback [Jim] McMahon and especially the Electric Refrigerator."

But he said the game isn't likely to catch on in China soon. "Chinese aren't ready for it yet. We're too small," he said.

هكذا من الأصل

هكذا من الأصل

# SPORTS

## Swiss Skiers Take Cup Downhill Races In U.S. and Canada

*Compiled by Our Staff From Dispatches*

ASPEN, Colorado — Peter Müller of Switzerland, skiing with a broken left wrist, edged Peter Wirnsberger of Austria in a World Cup downhill race here Saturday and kept himself in the running to share the 1985-86 downhill title.

Meanwhile, in Banff, Alberta, Maria Walliser completed a banner

**WORLD CUP SKIING**

day for the Swiss when she won a women's downhill race over Katrin Gutensohn of Austria and moved in front in the season's downhill standings.

Müller must win next week's downhill, the last of the season, at Whistler Mountain in Canada in order to tie Wirnsberger for the downhill championship. Wirnsberger leads Müller, 120-115, after Saturday's race.

Walliser is ahead of Gutensohn, 115-110, going into the final race in Vail, Colorado. But if Gutensohn wins next week, she will be the downhill titlist.

The Aspen course was icy, but Müller said that may have helped him.

"I didn't think it would be possible to win with a broken arm," he said, but added, "I know in these conditions I am very strong because of the hard snow. When it's hard, I can take my line."

The 28-year-old Swiss racer, who won two downhills at Aspen in 1982 and another last year, eclipsed his own course record on Saturday by nearly three seconds. He finished in 1 minute, 42.96 seconds.

His wrist has been protected by a brace since he was injured in a fall in a downhill at Are, Sweden, on Feb. 22.

"In training I had difficulty pushing off from the start, but today I had no problem," he said.

Wirnsberger was clocked in 1:43.25 down the 3,170-meter (3,442-yard) course, which had a vertical drop of 792 meters and 30 control gates.

Commenting on Müller's run, Wirnsberger said with a laugh, "He's driving me crazy. It doesn't matter if he's injured or not."

Leonhard Stock of Austria, the 1980 Olympic downhill gold medalist who slumped in subsequent seasons but is enjoying a rebirth this year, finished third in 1:43.95.

Switzerland's Daniel Mahrer and Pirmin Zurbriggen were fourth and fifth, respectively, in 1:44.11 and 1:44.16, while the World Cup overall leader, Marc Girardelli of Luxembourg, wound up sixth in 1:44.20.

In the men's overall standings, Girardelli added three points to his total, giving him 282. Zurbriggen, in second place, added 11 points and now has 229.

Müller previously captured the downhill crown in 1979 and 1980, and shared it with Canadian Steve Podborski in 1982.

In Banff, the 22-year-old Walliser won her third downhill of the season with a time of 1:32.37. Gutensohn, who had been tied with Walliser for the overall downhill lead going into the race, finished in 1:33.16.

Karen Percy, the hometown favorite, was third in 1:33.44.

Laurie Graham of Canada, who had been battling Walliser and Gutensohn in the overall race, was eliminated when she fell about one-third of the way down.

After her victory, Walliser said, "I always feel good in America. You know that phrase, 'Take it easy'? I try to go for that and it makes my races good. There is less pressure."

Percy, who started 30th, said after her third-place finish, "I knew I was good but I didn't know I was that good." *(AP, UPI)*

### ■ Protest Cancels Race

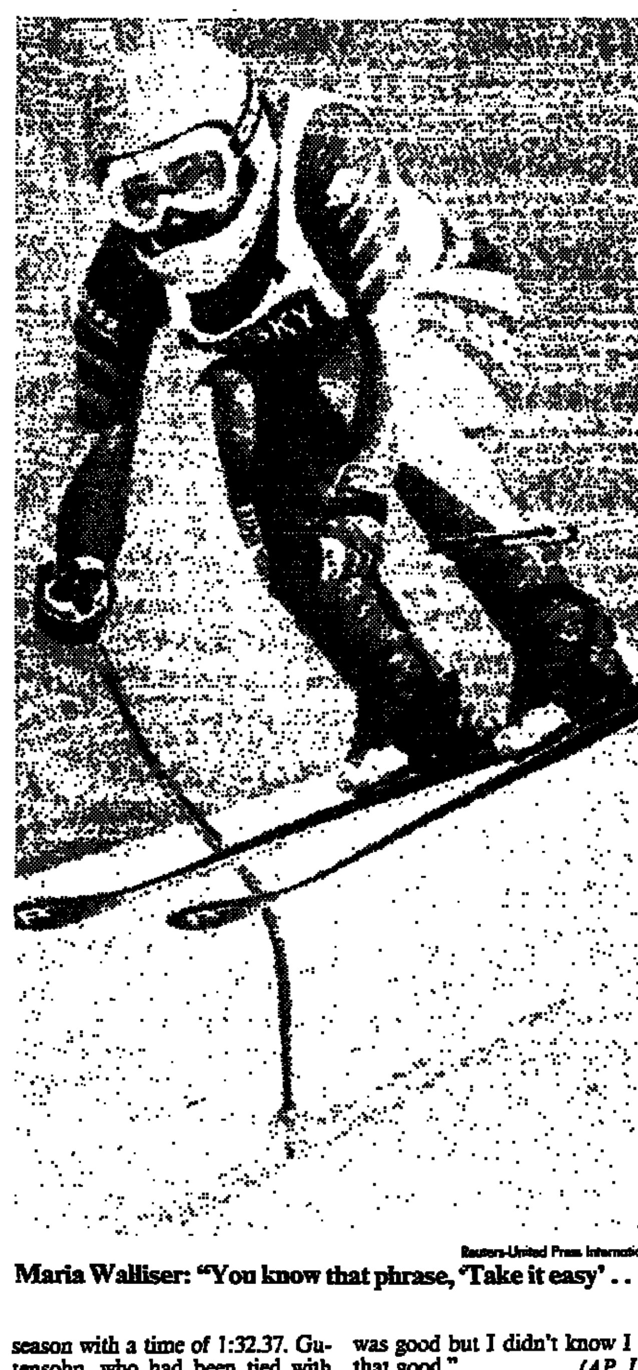
A blockade by protesting racers at the third gate from the start forced the cancellation Sunday of a World Cup giant slalom, United Press International reported from Aspen.

Two hours after the scheduled start of the first run, racers moved into the course en masse to protest the race jury's decision to run the race despite soft course conditions, heavy snow and poor visibility.

The last time a racer boycott forced cancellation of a World Cup race was in 1977 at Kranjskagora, Yugoslavia.

AP

**Peter Müller**
*Victorious despite a broken wrist.*



Reuters-United Press International

**Maria Walliser: "You know that phrase, 'Take it easy' . . . ?"**

## *Trailblazing AMC Still Promises 'Equity in Sweat'*

By Nelson Bryant
*New York Times Service*

NEW YORK — Quietly and persistently, for more than a century, the Appalachian Mountain Club has introduced millions to the glories and fragilities of forest, lake and mountain.

Seeking to expand its role in outdoor recreation, education and conservation, the AMC last week began an $11.2 million development campaign.

Founded in 1876 by a small band of New England college and university professors who wanted others to share their love of New Hampshire's White Mountains, the club now has 38,000 members, an annual budget of over $5 million and 13 chapters from Washington to Maine. Well known for its ability to attract volunteers, the AMC has fewer than 70 professional staff members.

The club's campaign comes at a time when federal funds for public outdoor-oriented programs, mainly involving the Department of the Interior and the Department of Agriculture's Forest Service, are likely to be slashed because of federal budget reductions.

Volunteerism is at the core of AMC's vigor. Currently there are about 6,500 volunteer leaders and 250 volunteer committees providing 500,000 man hours a year; computed at the federal minimum wage, that amounts to $1,675,000. These hours are devoted to such things as leadership training, project and trip planning and execution, mapping, building and maintaining trails, building huts and shelters and monitoring the acidity of high-altitude lakes. The club is now responsible for 1,000 miles of trails in the Northeast. The Forest Service has estimated that it and the state of New Hampshire have been saved, in the last 10 years, $3 million by the AMC's trail maintenance activities in the White Mountains.

□

Its schedule of annual planned excursions — both national and international — is impressive. There are about 7,000 of them involving more than 500,000 people, and they include hiking, backpacking, Alpine and cross-country skiing, snowshoeing, birding, canoeing, kayaking and rock, snow and ice climbing.

The immediate benefits to body and soul from such endeavors are obvious, but something of equal importance is also involved. Those who spend time in the outdoors, whether forest, mountain, barrier beach or salt marsh, almost inevitably become champions of such places and fight to protect them. The club, as such an example, has some of the best data available on what is happening to the water quality in the White Mountains. It has a fulltime research director at its resources center in Pinkham Notch, New Hampshire, whose duties include measuring the impact of pollutants and human traffic on New England's Alpine region.

"We have always felt that the best kind of environmental and conservation advocacy comes from people who really are involved in the outdoors," says Thomas Deans, the club's executive director. "They have an equity in sweat. They become eloquent spokesmen for the open spaces and their waters."

Although the AMC focuses on the Northeast, it has, for many years, sponsored trips and projects throughout the world.

A $925,000 grant from the Richard K. Mellon Foundation has enabled the club to discover that the volunteer concept first applied in White Mountains works in other parts of the country. "In the West in particular," Deans says, "the traditional view was that the users always looked to the agencies to provide the recreational opportunities.

"Our activities are far-flung and varied," Deans says. "In urban centers, we are working on such things as the Boston Harbor Islands and the Quincy Quarries and in Alaska we have a camp on the Kenai Peninsula which serves as our base for our service programs up there."

The AMC is also involved in trail mapping and trail building projects in the British Virgin Islands and will be doing the same this summer in this country's Virgin Islands National Park on the island of St. John.

"These are just a few of the opportunities we offer for people to have fun while working hard with others who also care about the outdoors," says Deans. "They get to see the country while building a bridge or a shelter or making a trail, in a way others might not. Environmental awareness, quality of life and physical well-being, the condition of our bodies, seem to come together in what we offer."

## Capitals Extend Streak, Turn Up Heat on Flyers

*Compiled by Our Staff From Dispatches*

UNIONDALE, New York — Two weeks ago, the Washington Capitals were almost ready to concede that they could not win the Patrick Division — even with the third-best record in the National Hockey League.

A six-game winning streak, com-

**NHL FOCUS**

bined with a slump by the Philadelphia Flyers, has put the Capitals in position to win the division and finish second to Edmonton for the best overall record.

Larry Murphy, a defenseman, scored two power-play goals Saturday at Uniondale, New York, to propel the Capitals to a 6-2 victory over the New York Islanders and put them just one point behind Philadelphia.

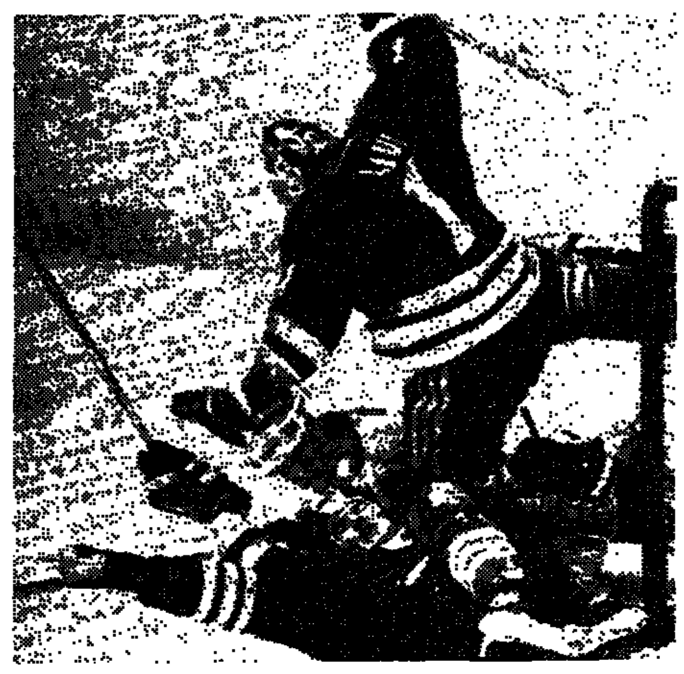
After losing to Buffalo on Feb. 23, the Capitals fell 11 points behind the Flyers. Since then, however, the Flyers have lost five out of six, and the Capitals, their defensive corps healthy again, have put together a winning streak.

Bryan Murray, the Washington coach, said after Saturday's game: "We're not going to be too much better than that on the road. Except for a couple of minutes in the second period, we were in command all the way."

A key to the Capitals' success has been their goaltenders, Pete Peeters and Al Jensen.

Peeters has played in four of the six victories, yielding eight goals. Jensen, who was to play Sunday at home against the Islanders, gave up only two goals in consecutive wins over the New York Rangers.

Mike Bossy scored the Islanders' second goal. *(LAT, AP)*



The Associated Press

**Mike Liut came down just as hard on the Buffalo Sabres as he did on his own defenseman, Dana Murzyn, Friday night; the Hartford goalie stopped 24 of 26 shots in a 6-2 triumph.**

# SCOREBOARD

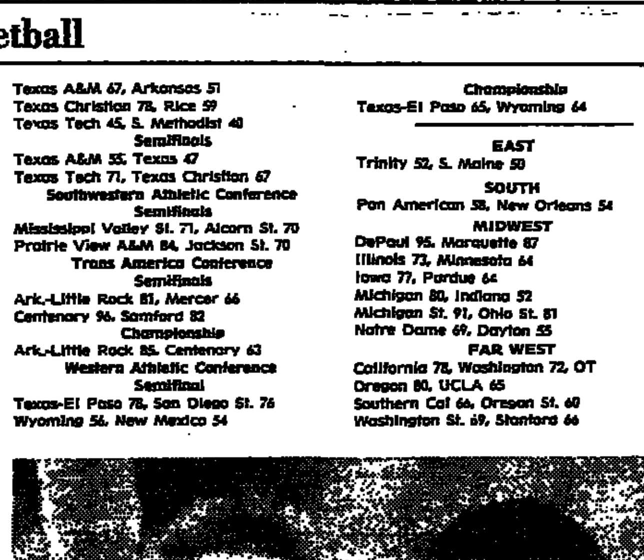
## Basketball

### Selected U.S. College Results

CONFERENCE TOURNAMENTS

ATLANTIC COAST
First Round
Duke 68, Wake Forest 60
Georgia Tech 79, Clemson 61
Maryland 85, North Carolina 75
Virginia 64, N. Carolina St. 62
Semifinals
Duke 75, Virginia 70
Georgia Tech 64, Maryland 62
BIG EAST
Semifinals
St. John's 75, Villanova 64
Syracuse 75, Georgetown 73, OT
Championship
St. John's 70, Syracuse 69
BIG EIGHT
Quarterfinals
Iowa St. 78, Colorado 60
Kansas 74, Kansas St. 51
Nebraska 82, Oklahoma St. 75
Oklahoma 78, Missouri 75
Semifinals
Iowa St. 75, Nebraska 58
Kansas 72, Oklahoma 70
BIG SKY
Semifinals
Montana 72, Weber St. 68
Montana St. 88, N. Arizona 74
Championship
Montana St. 82, Montana 77
COMMONWEALTH COAST
Championship
Curry 75, Anna Maria 69
ECAC METRO
Semifinals
Fairleigh Dickinson 81, Wagner 77
Marist 60, Robert Morris 55
Championship
Marist 57, Fairleigh Dickinson 56, OT
ECAC NORTH ATLANTIC
Championship
Northeastern 63, Boston U. 54
METRO
First Round
Cincinnati 75, S. Mississippi 74
Florida St. 77, Virginia Tech 76
Memphis St. 100, S. Carolina 59
Semifinals
Louisville 86, Cincinnati 65
Memphis St. 73, Florida St. 71
MID-AMERICAN
Semifinals
Ball St. 93, Ohio U. 69
Miami (Ohio) 93, Toledo 76
Championship
Ball St. 87, Miami (Ohio) 79
MID-CONTINENT
Semifinals
Cleveland St. 100, Ill.-Chicago 84
E. Illinois 71, SW Missouri St. 67
Championship
Cleveland St. 70, E. Illinois 66
MIDEASTERN
First Round
Bethune-Cookman 92, South Carolina St. 85
Md.-E. Shore 75, Delaware St. 64
Semifinals
Howard 83, Md.-E. Shore 55
N. Carolina A&T 75, Bethune-Cookman 66
NCAA DIVISION II
Eastern Regional
First Round
Cheyney 106, Edinboro 85
Gannon 78, Millersville 66
Championship
Cheyney 65, Gannon 62
Third Place
Millersville 107, Edinboro 86
Great Lakes Regional
First Round
S. Ill.-Edwardsville 70, Lewis 61
Wright St. 94, Kentucky Wesleyan 84
Championship
Wright St. 77, S. Ill.-Edwardsville 73
Third Place
Ky. Wesleyan 91, Lewis 81
New England Regional
First Round
New Hampshire Col. 67, St. Anselm 57
Sacred Heart 76, Springfield 74, 2OT
Championship
Sacred Heart 83, New Hampshire Col. 67
Third Place
Springfield 70, St. Anselm 65
North Central Regional
First Round
St. Cloud St. 76, E. Montana 67
Wayne St., Mich. 72, Augustana, S.D. 57
Championship
Wayne St. 75, St. Cloud St. 71
Third Place
E. Montana 86, Augustana, S.D. 61
South Regional
First Round
Fla. Southern 83, W. Georgia 82
Tampa 74, Alabama A&M 69
Championship
Fla. Southern 67, Tampa 57
Third Place
West Georgia 104, Alabama A&M 84
South Atlantic Regional
First Round
Mt. St. Mary's, Md. 74, Winston-Salem 71
Norfolk St. 70, Virginia Union 60
Championship
Norfolk St. 78, Mt. St. Mary's, Md. 75
Third Place
Virginia Union 95, Winston-Salem 77
South Central Regional
First Round
Delta St. 61, Sam Houston St. 59
SE Missouri 94, Abilene Christian 72
Championship
SE Missouri St. 75, Delta St. 74
Third Place
Abilene Christian 73, Sam Houston St. 60
West Regional
First Round
Alaska Anchorage 86, Cal-Riverside 83
Hayward St. 67, Cal Poly-SLO 65
Championship
Hayward St. 87, Alaska-Anchorage 73
Third Place
Cal-Riverside 55, Cal Poly-SLO 53
NCCAA District II
Semifinals
Eastern 77, Roberts Wesleyan 66
E. Mennonite 63, Nyack 62
Championship
Eastern 90, E. Mennonite 73
Ohio Valley Conference
Semifinals
Akron 67, Tennessee Tech 58
Middle Tennessee 85, Murray St. 81
Championship
Akron 68, Middle Tennessee 63
Pacific Coast Athletic Association
Semifinals
Nev.-Las Vegas 75, Fullerton St. 65
New Mexico St. 75, Pacific 61
Championship
Nev.-Las Vegas 75, New Mexico St. 55
Southeast Conference
Semifinal
Alabama 77, Mississippi St. 65
Kentucky 61, Louisiana St. 58
Championship
Kentucky 83, Alabama 72
Southland Conference
Semifinals
McNeese St. 68, Arkansas St. 57
NE Louisiana 57, Louisiana Tech 56
Championship
NE Louisiana 59, McNeese St. 57
Southwest Conference
Quarterfinals
Texas 78, Houston 62
Texas A&M 67, Arkansas 51
Texas Christian 78, Rice 59
Texas Tech 45, S. Methodist 40
Semifinals
Texas A&M 55, Texas 47
Texas Tech 71, Texas Christian 67
Southwestern Athletic Conference
Semifinals
Mississippi Valley St. 71, Alcorn St. 70
Prairie View A&M 84, Jackson St. 70
Trans America Conference
Semifinals
Ark.-Little Rock 81, Mercer 66
Centenary 96, Samford 82
Championship
Ark.-Little Rock 85, Centenary 63
Western Athletic Conference
Semifinal
Texas-El Paso 78, San Diego St. 76
Wyoming 56, New Mexico 54
Championship
Texas-El Paso 65, Wyoming 64

EAST
Trinity 52, S. Maine 50
SOUTH
Pan American 58, New Orleans 54
MIDWEST
DePaul 95, Marquette 87
Illinois 73, Minnesota 64
Iowa 77, Purdue 64
Michigan 80, Indiana 52
Michigan St. 91, Ohio St. 81
Notre Dame 69, Dayton 55
FAR WEST
California 78, Washington 72, OT
Oregon 80, UCLA 65
Southern Cal 66, Oregon St. 60
Washington St. 69, Stanford 66



The Associated Press

**Ron Rowan, embraced by teammate Willie Glass, hit a jump shot with eight seconds left, giving St. John's a 70-69 victory over Syracuse, the Big East title and a berth in the NCAA tournament.**

### NBA Standings

EASTERN CONFERENCE

| Atlantic Division | W | L | Pct. | GB |
|---|---|---|---|---|
| x-Boston | 50 | 12 | .806 | — |
| Philadelphia | 39 | 24 | .619 | 11½ |
| New Jersey | 32 | 33 | .492 | 19½ |
| Washington | 31 | 33 | .484 | 20 |
| New York | 20 | 43 | .317 | 30½ |
| **Central Division** | | | | |
| x-Milwaukee | 45 | 20 | .692 | — |
| Atlanta | 39 | 25 | .609 | 5½ |
| Detroit | 38 | 26 | .594 | 6½ |
| Cleveland | 24 | 39 | .381 | 20 |
| Indiana | 22 | 42 | .344 | 22½ |
| Chicago | 21 | 43 | .328 | 23½ |

WESTERN CONFERENCE

| Midwest Division | W | L | Pct. | GB |
|---|---|---|---|---|
| Houston | 40 | 24 | .625 | — |
| Denver | 38 | 25 | .603 | 1½ |
| Dallas | 32 | 30 | .516 | 7 |
| Utah | 32 | 33 | .492 | 8½ |
| San Antonio | 31 | 34 | .477 | 9½ |
| Sacramento | 28 | 35 | .444 | 10½ |
| **Pacific Division** | | | | |
| x-L.A. Lakers | 47 | 16 | .746 | — |
| Portland | 33 | 34 | .493 | 16 |
| Phoenix | 24 | 38 | .387 | 22½ |
| Seattle | 23 | 39 | .371 | 23½ |
| L.A. Clippers | 23 | 40 | .363 | 24 |
| Golden State | 21 | 45 | .318 | 27½ |

(x-clinched playoff berth)

FRIDAY'S RESULTS

Detroit 24 24 26 30—104
New Jersey 29 24 27 22—102
Tripucka 13-24 7-8 34, Thomas 7-19 10-15 24; King 10-20 2-2 22, Williams 6-14 7-10 19. Rebounds: Detroit 59 (Laimbeer 19); New Jersey 55 (Williams 14). Assists: Detroit 17 (Thomas 9); New Jersey 16 (Ransey, Gminski 4).

New York 33 22 22 31—108
Boston 28 32 37 18—115
McHale 6-11 8-11 20, Johnson 6-10 7-9 19; Sparrow 7-17 3-3 17, Bailey 6-11 2-2 14, Bannister 5-11 4-6 14. Rebounds: New York 45 (McNealy 9); Boston 54 (Walton 12). Assists: New York 22 (Sparrow 6); Boston 30 (Johnson, Bird 8).

Philadelphia 22 29 16 28— 95
Milwaukee 31 30 35 29—125
Davis 8-16 5-5 21, Cummings 7-14 5-6 19, Pierce 9-13 1-2 19; McAdoo 9-15 2-3 20, Catledge 6-13 1-3 13. Rebounds: Philadelphia 52 (Johnson 7); Milwaukee 62 (Lister 12). Assists: Philadelphia 21 (Erving, Moss 4); Milwaukee 33 (Pressey 15).

Atlanta 28 25 29 30—112
Chicago 35 29 22 22—108
Wilkins 14-32 14-15 42, Willis 6-17 7-8 19; Gervin 15-28 7-7 37, Macy 5-13 4-6 14. Rebounds: Atlanta 63 (Willis 21); Chicago 53 (Oakley, Oldham 9). Assists: Atlanta 24 (Webb 7); Chicago 27 (Banks 11).

L.A. Clippers 27 26 26 47—126
San Antonio 45 31 34 32—142
Robertson 15-18 0-1 30, S.Johnson 7-12 8-10 22, Matthews 11-16 0-0 22; Nixon 13-24 1-1 33, Maxwell 7-15 6-7 20, M.Johnson 8-17 4-5 20. Rebounds: L.A. Clippers 53 (Maxwell 9); San Antonio 61 (Greenwood 14). Assists: L.A. Clippers 15 (Nixon 8); San Antonio 37 (Matthews 16).

Indiana 30 21 27 39—117
Denver 34 36 27 37—134
English 12-20 10-10 34, Natt 7-11 6-6 20; H.Williams 9-20 3-3 21, Stipanovich 8-13 5-7 21, Richardson 7-14 5-6 19. Rebounds: Indiana 66 (Stipanovich 11); Denver 51 (Natt, Turner 7). Assists: Indiana 27 (Fleming 10); Denver 34 (Lever 13).

Utah 28 27 22 28—105
Phoenix 30 22 29 22—103
Dantley 16-26 4-6 36, Malone 7-14 2-6 16; Davis 10-23 4-5 24, Pittman 8-11 2-6 18. Rebounds: Utah 37 (Malone 11); Phoenix 39 (Pittman 8). Assists: Utah 24 (Green 11); Phoenix 30 (Humphries 13).

Dallas 31 27 30 26—114
Portland 38 27 26 34—125
Vandeweghe 14-18 6-7 34, Thompson 10-15 4-4 24; Aguirre 11-23 7-7 30, Blackman 10-19 6-6 26. Rebounds: Dallas 37 (Donaldson 12); Portland 43 (Carr 12). Assists: Dallas 21 (Davis 7); Portland 36 (Thompson, Colter 8).

Cleveland 29 23 27 27—106
Seattle 31 28 27 34—120
Sikma 9-15 8-10 26, Chambers 7-14 4-5 18; Hinson 7-16 3-5 17, Free 7-22 1-1 15, Brewer 6-7 2-2 15. Rebounds: Cleveland 41 (West 9); Seattle 39 (Sikma 12). Assists: Cleveland 28 (Bagley 10); Seattle 27 (Henderson, Young 7).

SATURDAY'S RESULTS

Sacramento 19 31 25 28 8 10—121
L.A. Lakers 31 15 31 26 8 11—122
E.Johnson 13-23 6-11 33, Worthy 12-20 8-12 32; Thorpe 10-12 8-10 28, E.Johnson 11-25 4-4 26. Rebounds: Sacramento 57 (Thompson 14); Los Angeles 50 (Rambis 11). Assists: Sacramento 37 (Theus 15); Los Angeles 32 (E.Johnson 17).

Cleveland 28 32 26 42—128
Golden State 33 33 34 38—138
Short 12-20 14-16 39, Carroll 6-10 9-11 21; Free 12-20 11-13 36, Hinson 12-18 6-12 30. Rebounds: Cleveland 43 (Hinson, West 8); Golden State 46 (Carroll 10). Assists: Cleveland 24 (Free 8); Golden State 29 (Floyd 8).

Utah 24 26 20 20— 90
Portland 32 31 21 20—104
Vandeweghe 10-18 9-10 29, Drexler 9-19 0-0 18; Malone 10-19 4-7 24, Bailey 8-19 3-3 19. Rebounds: Utah 52 (Malone, Scurry 9); Portland 59 (Carr 18). Assists: Utah 27 (Green 6); Portland 25 (Colter 8).

San Antonio 46 24 20 27—117
Houston 27 37 27 35—126
Sampson 11-24 5-7 27, Lloyd 9-15 4-5 22; Mitchell 13-23 8-10 34, Matthews 10-15 5-6 25. Rebounds: San Antonio 49 (Mitchell 11); Houston 63 (Sampson 16). Assists: San Antonio 33 (Matthews 16); Houston 30 (Sampson 7).

Milwaukee 27 25 27 30—109
Atlanta 21 33 29 28—111
Wilkins 9-24 11-12 29, Battle 9-15 4-5 22; Pressey 9-17 10-14 30, Hodges 9-14 0-0 19. Rebounds: Milwaukee 48 (Lister 10); Atlanta 58 (Willis 12). Assists: Milwaukee 19 (Pressey 8); Atlanta 25 (Rivers 11).

Boston 28 34 28 17 9—108
Washington 38 22 27 20 11—118
Williams 10-19 2-2 24, Robinson 9-19 4-4 22; McHale 13-23 7-8 33, Bird 10-30 4-4 24. Rebounds: Boston 68 (Parish 25); Washington 51 (Malone 11). Assists: Boston 27 (Bird 8); Washington 27 (Robinson 7).

## Tennis

### Davis Cup

WORLD GROUP, FIRST ROUND
Czechoslovakia 4, India 1
(At Calcutta)
Tomas Smid and Pavel Slozil, Czechoslovakia, def. Vijay Amritraj and Anand Amritraj, India, 6-2, 9-11, 6-4, 6-4
Tomas Smid, Czechoslovakia, def. Vijay Amritraj, India, 3-6, 6-3, 6-1, 6-2
Miloslav Mecir, Czechoslovakia, def. Ramesh Krishnan, India, 6-3, 6-2
Italy 2, Paraguay 1
(At Palermo, Sicily)
Claudio Panatta, Italy, def. Victor Pecci, Paraguay, 4-6, 11-9, 9-7, 10-8
Pecci and Francisco Gonzalez, Paraguay, def. Panatta and Gianni Ocleppo, Italy, 4-6, 6-1, 6-4, 7-5
Mexico 2, West Germany 2
(At Tepepan, Mexico)
Francisco Maciel, Mexico, def. Michael Westphal, West Germany, 7-5, 6-2, 6-0
Boris Becker, West Germany, def. Leonardo Lavalle, Mexico, 6-3, 6-2, 6-4
Fernando Perez Pascal and Lavalle, Mexico, def. Becker and Andreas Maurer, West Germany, 3-6, 6-1, 7-5, 3-6, 6-4
Becker def. Maciel, 6-3, 6-1, 6-1.
Australia 4, New Zealand 1
(At Auckland, New Zealand)
Pat Cash and John Fitzgerald, Australia, def. Kelly Evernden and Russell Simpson, New Zealand, 6-2, 6-3, 6-3
Peter McNamara, Australia, def. Kelly Evernden, New Zealand, 6-3, 1-6, 3-6, 1-6
Paul McNamee, Australia, def. Chris Lewis, New Zealand, 6-4, 6-4
Sweden 5, Denmark 0
(At Brondby, Denmark)
Mats Wilander def. Morten Christensen, 8-6, 6-2, 10-8
Wilander and Anders Jarryd def. Peter Bastiansen and Michael Mortensen, 6-3, 6-3, 6-4
Joakim Nystrom def. Morten Christensen, 7-5, 6-1
Wilander def. Michael Tauson, 6-2, 6-3
United States 2, Ecuador 2
(At Guayaquil, Ecuador)
Andres Gomez, Ecuador, def. Jimmy Arias, U.S., 7-5, 4-6, 4-6, 9-7, 6-4
Aaron Krickstein, U.S., def. Raul Viver, Ecuador, 8-6, 6-1, 6-3
Ken Flach and Robert Seguso, U.S., def. Gomez and Ricardo Ycaza, Ecuador, 6-2, 6-4, 2-6, 6-4
Gomes def. Krickstein, 3-6, 7-5, 6-1, 7-5
Britain 3, Spain 0
(At Telford, England)
John Lloyd def. Emilio Sanchez, 3-6, 6-3, 6-3, 6-3
Lloyd and Colin Dowdeswell def. Sergio Casal and Sanchez, 6-4, 6-3, 6-3
Yugoslavia 3, Soviet Union 2
(At Belgrade)
Andrei Chesnokov, Soviet Union, def. Bruno Oresa, Yugoslavia, 8-10, 5-7, 6-2, 6-0, 7-5
Slobodan Zivojinovic, Yugoslavia, def. Alexander Zverev, Soviet Union, 3-6, 6-8, 6-3, 6-4, 6-0
Zverev and Sergei Leonyuk, Soviet Union, def. Zivojinovic and Goran Prpic, Yugoslavia, 6-3, 6-2, 6-4
Bruno Oresar, Yugoslavia, def. Alexander Zverev, Soviet Union, 6-3, 6-2, 7-5
Zivojonovic def. Chesnokov, 6-3, 6-3, 3-6, 6-4.
QUALIFYING (1987)
AMERICAN ZONE, SECOND ROUND
Argentina 3, Uruguay 0
(At Buenos Aires)
Martin Jaite def. Marcelo Filippini, 6-4, 6-4, 6-2; Horacio De La Pena def. Diego Perez, 4-6, 6-0, 6-2, 7-6, 6-3; Roberto Saad and Eduardo Bengoechea, def. Diego Perez and José Domianim, 9-7, 9-7, 6-3.
Chile 2, Canada 1
(At Santiago)
Glenn Michibata, Canada, def. Ricardo Acuna, Chile, 6-3, 6-3, 4-6, 8-6; Hans Gildemeister and Acuna, Chile, def. Michibata and Mark Greenan, Canada 6-4, 3-6, 6-4, 4-6, 6-1.
Brazil 2, Commonwealth Caribbean 0
(At Kingston, Jamaica)
Nelson Aerts def. Robert Hale, 6-3, 6-0, 6-2;
Cassio Motta def. Robert Smith, 6-8, 6-4, 6-1, 6-3.
AFRICAN ZONE, SECOND ROUND
Morocco 2, Kenya 1
(At Casablanca)
Chekrouni Arafa, Morocco, def. Polo Eno, Kenya, 6-1, 6-0, 6-1; Paul Wekessa, Kenya, def. Houcine Saber, Morocco, 1-6, 6-1, 7-5, 6-2; Saber and Mohamed Dlili, Morocco, def. Wekessa and Saleem Rana, Kenya, 7-5, 6-2, 4-6, 7-9, 6-3.
Nigeria 4, Senegal 1
(At Dakar, Senegal)
Nduka Odizor and Abdulahi Sadiq, Nigeria, def. Yaya Doumbia and Thierno Ly, Senegal, 4-6, 9-7, 7-5, 6-3; Odizor def. Doumbia, 6-1, 7-9, 6-2, 6-2; David Imonitie def. Ly, 6-4, 6-2.
Zimbabwe 5, Libya 0
(At Harare, Zimbabwe)
Clive Wilson and Greig Roger def. Abdul Munem Mohamed Bornaz and Saad Argag Jtell, 6-2, 6-0, 6-0.; Orlando Laurence def. Hakim Argag Jtell, 6-0, 6-0, 6-0; Haroon Ismail def. Bornaz, 6-1, 6-0, 6-2.
Algeria 5, Ivory Coast 0
(At Algiers)
Reda Galou def. Clement N'goran N'dri, 8-6, 6-8, 8-10, 6-3, 6-2; Djamel Boudlemline def. Philippe Koffi Amthiak, 6-0, 6-0, 6-2; Boudlemline and Galou def. N'dri and Koffi, 6-2, 7-9, 6-4, 6-3; Boudlemline def. N'dri, 6-3, 4-6, 6-3; Galou def. Koffi 5-7, 6-1, 6-4.
EASTERN ZONE, FIRST ROUND
Hong Kong 2, Malaysia 1
(At Kuala Lampur, Malaysia)
Mark Bailey and Randall King, Hong Kong, def. Adam Malik and Chow Chin Chuan, Malaysia, 3-6, 7-5, 5-7, 6-4, 6-4.
Taiwan 3, Singapore 0
(At Singapore)
Wu Chung-lung and Huang Hung, Taiwan, def. Mahader Hassan and Victor Pereira, Singapore, 3-6, 9-7, 6-3, 6-2.
Thailand 3, Bangladesh 0
(At Huamark, Thailand)
Varapol Thongkamchu and Thanakorn Srichapand, Thailand, def. Sadar Iftekhar and Shavon Jamaly, Bangladesh, 6-2, 6-1, 6-4.
Indonesia 4, Philippines 1
(At Jakarta )
Donald Wailan and Sulistyono, Indonesia, def. Rod Rafael and Raymundo Suarez, Philippines, 6-4, 7-5, 3-6, 6-4; Tintus Arianto Wibowo, Indonesia, def. Rafael, Philippines, 4-6, 6-2, 6-4, 6-4; Sulistyono, Indonesia, def. Roselo Nila Natividad, Philippines, 6-2, 7-5.

## Hockey

### National Hockey League Standings

WALES CONFERENCE

| Patrick Division | W | L | T | Pts | GF | GA |
|---|---|---|---|---|---|---|
| Philadelphia | 42 | 21 | 4 | 88 | 281 | 212 |
| Washington | 41 | 19 | 5 | 87 | 253 | 219 |
| NY Islanders | 31 | 24 | 10 | 72 | 264 | 240 |
| Pittsburgh | 31 | 28 | 7 | 69 | 266 | 239 |
| NY Rangers | 31 | 30 | 4 | 66 | 229 | 222 |
| New Jersey | 22 | 40 | 3 | 47 | 249 | 302 |
| **Adams Division** | | | | | | |
| Montreal | 36 | 25 | 6 | 78 | 289 | 230 |
| Quebec | 36 | 28 | 4 | 76 | 280 | 257 |
| Boston | 31 | 29 | 7 | 69 | 266 | 251 |
| Buffalo | 31 | 30 | 6 | 68 | 253 | 246 |
| Hartford | 31 | 34 | 2 | 64 | 265 | 262 |

CAMPBELL CONFERENCE

| Norris Division | W | L | T | Pts | GF | GA |
|---|---|---|---|---|---|---|
| x-Chicago | 33 | 26 | 8 | 74 | 297 | 287 |
| x-St. Louis | 32 | 26 | 8 | 72 | 265 | 247 |
| x-Minnesota | 30 | 28 | 9 | 69 | 276 | 262 |
| Toronto | 21 | 40 | 6 | 48 | 269 | 324 |
| Detroit | 14 | 47 | 5 | 33 | 224 | 347 |
| **Smythe Division** | | | | | | |
| x-Edmonton | 47 | 14 | 6 | 100 | 353 | 261 |
| Calgary | 33 | 26 | 7 | 73 | 288 | 252 |
| Winnipeg | 21 | 41 | 6 | 48 | 240 | 377 |
| Los Angeles | 20 | 39 | 7 | 47 | 238 | 325 |
| Vancouver | 18 | 37 | 10 | 46 | 227 | 275 |

(x-clinched playoff berth)

FRIDAY'S RESULTS

Hartford 2 2 2—6
Buffalo 0 2 0—2
Evason (15), Jarvis (8), D. Babych (12), MacDermid (9), Turgeon (40), Dineen (21); Smith (15), Perreault (17). Shots on goal: Hart. (on Barrasso) 8-8-4—20; Buff. (on Liut) 6-13-7—26.

Pittsburgh 1 0 2—3
Edmonton 2 0 3—5
Coffey 2 (40), Kurri 2 (53), MacTavish (19); Bullard (38), Bloisdell (14), Schmidt (12). Shots on goal: Pitt. (on Moog) 12-3-15—30; Edm. (on Meloche) 9-17-17—43.

SATURDAY'S RESULTS

Philadelphia 2 0 1—3
New Jersey 3 2 2—7
Sulliman (17), Verbeek 3 (19), Bridgman (21), Muller (22), MacLean (17); Kerr 2 (47), Sinisalo (30). Shots on goal: Phil. (on Resch) 11-10-11—32; N.J. (on Jensen, Froese) 5-7-12—24.

Winnipeg 1 1 2—4
Minnesota 0 2 0—2
Turnbull (15), Mullen (22), Boschman (24), Hawerchuk (40); Maruk (16), Hartsburg (9). Shots on goal: Winn. (on Takko) 15-4-15—34; Minn. (on Bouchard) 12-9-14—35.

Washington 2 3 1—6
N.Y. Islanders 0 2 0—2
Murphy 2 (17), Stevens (10), Gould (12), Veitch (3), Laughlin (20); LaFontaine (24), Bossy (47). Shots on goal: Wash. (on Smith, Hrudey) 12-8-9—29; N.Y. (on Peeters) 4-10-4—18.

Quebec 2 1 3—6
Hartford 1 1 1—3
Goulet 3 (46), A.Stastny 2 (26), Hunter (25); Ferraro (24), MacDermid (10), W. Babych (15). Shots on goal: Que. (on Liut) 13-15-11—39; Hart. (on Malarchuk) 6-10-8—24.

Chicago 2 1 0—3
Toronto 3 1 0—4
P.Ihnacak (17), Fergus (28), Vaive (26), Salming (6); Olczyk (27), Fraser 2 (25). Shots on goal: Chi. (on Wregget) 5-12-9—26; Tor. (on Sauve) 17-7-12—36.

Vancouver 1 1 1—3
St. Louis 1 3 3—7
Norwood (4), Federko 2 (28), Hunter (43), Wickenheiser 2 (5), Gilmour (22); Tanti (35), Sundstrom (13), Lanz (11). Shots on goal: Van. (on Millen) 15-14-12—41; St. L. (on Brodeur) 6-12-7—25.

Boston 2 1 0—3
Montreal 1 5 2—8
Robinson (17), Nilan 2 (15), DeBlois (13), Tremblay (18), Smith (28), Green (2), McPhee (15); Linseman (21), Bourque (19), Courtnall (15). Shots on goal: Boston (on Roy) 9-4-10—23; Montreal (on Keans, Riggin) 10-17-4—31.

## World Cup Skiing

MEN'S DOWNHILL
(At Aspen, Colorado)
1. Peter Müller, Switzerland, 1:42.96
2. Peter Wirnsberger, Austria, 1:43.25.
3. Leonhard Stock, Austria, 1:43.95.
4. Daniel Mahrer, Switzerland, 1:44.11.
5. Pirmin Zurbriggen, Switzerland, 1:44.16.
6. Marc Girardelli, Luxembourg, 1:44.20.
7. Franz Heinzer, Switzerland, 1:44.31.
8. Doug Lewis, U.S., 1:44.39.
9. Markus Wasmeier, West Germany, 1:44.43.
10. Gustav Oehrli, Switzerland, 1:44.47.

MEN'S OVERALL STANDINGS
1. Marc Girardelli, Luxembourg, 282 points.
2. Pirmin Zurbriggen, Switzerland, 229.
3. Peter Muller, Switzerland, 204.
4. Markus Wasmeier, West Germany, 191.
5. Leonhard Stock, Austria, 166.
6. Ingemar Stenmark, Sweden, 162.
7. Rok Petrovic, Yugoslavia, 160.
8. Peter Wirnsberger, Austria, 148.
9. Hubert Strolz, Austria, 142.
10. Günther Mader, Austria, 123.

WOMEN'S DOWNHILL
(At Banff, Alberta)
1. Maria Walliser, Switzerland, 1:32.37
2. Katrin Gutensohn, Austria, 1:33.16.
3. Karen Percy, Canada, 1:33.44.
4. Liisa Savijarvi, Canada, 1:33.71.
5. Heidi Zeller, Switzerland, 1:33.86.
6. Heidi Wiesler, West Germany, 1:34.03.
7. Pam Ann Fletcher, U.S., 1:34.24.
8. Marina Kiehl, West Germany 1:34.44.
9. Sigrid Wolf, Austria, 1:34.45.
10. Catherin Quittet, France, 1:34.48.

WOMEN'S OVERALL STANDINGS
1. Maria Walliser, Switzerland, 241 points
2. Erika Hess, Switzerland, 222
3. Michela Figini, Switzerland, 177
4. Vreni Schneider, Switzerland, 170
5. Brigitte Oertli, Switzerland, 160
6. Marina Kiehl, West Germany, 136
7. Katrin Gutensohn, Austria, 134
8. Michaela Gerg, West Germany, 132
9. Olga Charvatova, Czechoslovakia, 131
10. Mateja Svet, Yugoslavia, 125

U.S. WOMEN'S INDOOR
(At Piscataway, New Jersey)
Quarterfinals
Martina Navratilova (1), U.S., Alycia Moulton, U.S., 6-1, 6-3
Helena Sukova (4), Czechoslovakia, def. Terry Phelps, U.S., 7-6 (7-4), 6-0
Hana Mandlikova (2), Czechoslovakia, def. Kathy Jordan (8), U.S., 6-3, 6-4
Pam Shriver (3), U.S., def. Dianne Balestrat, Australia, 6-2, 6-4
Semifinals
Sukova def. Mandlikova, 6-2, 2-6, 6-3
Navratilova def. Shriver, 6-4, 6-4
Final
Navratilova def. Sukova, 3-6, 6-0, 7-6 (7-5)

## European Soccer

WEST GERMAN FIRST DIVISION
Bayern Munich 2, Fortuna Duesseldorf 3
Stuttgart 3, Nuremberg 1
Schalke 3, Cologne 0
Werder Bremen 0, Bochum 0
Borussia Dortmund 4, Kaiserslautern 2
Points: Werder Bremen 40; Bayern Munich 36; Borussia Mönchengladbach 33; Bayer Leverkusen 28; Hamburg, Stuttgart 26; Waldhof Mannheim, Bayer Uerdingen, Bochum, Eintracht Frankfurt 23; Borussia Dortmund 22; Schalke 21; Cologne, Fortuna Duesseldorf 20; Kaiserslautern, Nuremberg 19; Saarbruecken 18; Hannover 14.

ENGLISH FIRST DIVISION
Aston Villa 1, Arsenal 4
Chelsea 1, Manchester City 0
Ipswich 1, Nottingham Forest 0
Leicester 2, Coventry 1
Liverpool 4, Queens Park Rangers 1
Sheffield Wednesday 5, Birmingham 1
Tottenham 5, West Bromwich Albion 0
Manchester United 0, West Ham 2
Points: Everton 65; Liverpool 60; Manchester United 59; Chelsea 57; West Ham 53; Luton 51; Arsenal, Sheffield Wednesday 49; Nottingham Forest 46; Newcastle 45; Tottenham, Manchester City 41; Watford 39; Southampton 37; Coventry 35; Queens Park Rangers 34; Leicester 30; Oxford, Ipswich 29; Aston Villa, Birmingham 25; West Bromwich 16.

FRENCH FIRST DIVISION
Nice 2, Toulon 1
Brest 2, Strasbourg 1
Le Havre 5, Bastia 2
Nancy 1, Nantes 3
Paris St.-Germain 1, Rennes 0
Auxerre 1, Monaco 0
Marseille 0, Metz 0
Lens 3, Sochaux 1
Laval 2, Lille 2
Bordeaux 1, Toulouse 1
Points: Paris St.-Germain 49; Nantes 41; Bordeaux 40; Auxerre 36; Lens 35; Toulouse, Monaco 34; Nice 32; Metz 31; Nancy, Laval 30; Le Havre, Lille 29; Toulon 28; Marseille, Sochaux, Brest 27; Rennes 26; Strasbourg 20; Bastia 19.

ITALIAN FIRST DIVISION
Atalanta 1, Como 1
Avellino 2, Sampdoria 1
Bari 1, Torino 0
Inter Milan 2, Fiorentina 0
Juventus 1, Napoli 1
Pisa 0, Milan 1
Udinese 2, Lecce 1
Verona 3, Roma 2
Points: Juventus 38; Roma 33; Napoli 29; Milan 28; Inter 27; Torino 25; Fiorentina, Verona 24; Sampdoria, Atalanta 22; Como, Avellino 21; Pisa 20; Udinese 19; Bari 18; Lecce 1.

## Exhibition Baseball

FRIDAY
N.Y. Mets 17, Chicago White Sox 8
Detroit 3, Boston 0
Atlanta 8, Houston 5
Chicago Cubs 7, Milwaukee 4
San Francisco 10, Oakland 6
California 11, San Diego 1
SATURDAY
Cincinnati 7, Philadelphia 4
Detroit 6, Boston 4
St. Louis 10, N.Y. Mets 2
Montreal 4, Atlanta 3
Toronto 3, Minnesota 2, 11 inn.
Chicago White Sox 3, Pittsburgh 2
N.Y. Yankees 4, Baltimore 1
Texas 8, Kansas City 0
Houston 4, Los Angeles 3
Seattle 10, Oakland 3
Milwaukee 11, Chicago Cubs 4
San Diego 7, California 4
San Francisco 4, Cleveland 3

## Transition

BASEBALL
American League
BALTIMORE—Signed Kelly Paris, shortstop; Ken Dixon, pitcher, and Al Pardo, catcher, to one-year contracts.

# Richard and Gahl Burt's 'Charm Offensive' in West Germany

By William Drozdiak
*Washington Post Service*

BONN — In a recording studio in West Berlin's Kreuzberg, a quarter where avant-garde artists and Turkish migrant workers enjoy cheap rents and free-spirited lifestyles flush against the Wall, a local band called the Subtones was belting out a few tunes from the 1960s when an American fan asked if he could sit in.

Seizing the microphone with relish, the U.S. ambassador to West Germany, Richard R. Burt, let down his prematurely gray hair and wailed some favorite oldies, such as "Teenager in Love" and "Tell Me."

Later, after a round of beer and reminiscences about the music of the Doors and Jimi Hendrix, Burt's hosts gave him a tape of the impromptu jam session. "I'm going to play this to my wife all day long," the envoy said.

Said Gahl Hodges Burt with a grimace: "I'll buy myself some earplugs."

The foray into Berlin's rock scene was not atypical for Burt, an arms control expert with an enthusiasm for heavy rock. At a Dire Straits concert in Berlin, Burt went backstage to meet the guitarist Mark Knopfler, one of his musical idols. The ambassador gave the rock star a copy of "Deadly Gambits," the book by Time magazine's Washington bureau chief, Strobe Talbott, describing the nuclear policy battles in President Ronald Reagan's first term — battles waged primarily between Burt and his Pentagon rival, Richard Perle.

West Germany's staid diplomatic circuit rarely has jumped such a generation gap as when Arthur F. Burns, 81, was replaced last September by Burt, 38, at what is considered the largest and most important U.S. mission in continental Western Europe.

Burns was revered as a modern-day Nestor who exuded sagacity and discretion. His passions were economics, classical music and his own oil paintings, which decorated the embassy residence on the Rhine. Burt had a reputation for irascibility and arrogance as assistant secretary of state for European affairs and, before that, as head of an interagency group preparing arms control policy.

Even before Burt arrived in Bonn he was excoriated in the West German press for purportedly urging Reagan not to meet Willy Brandt, the leader of the opposition Social Democrats, during Reagan's state visit to West Germany last May.

But to the surprise of the Germans, fellow diplomats and his own staff, Burt has successfully carried out a "charm offensive." He has alleviated tensions with the Social Democrats by helping arrange a trip to Washington and a meeting with Reagan for Johannes Rau, the party's candidate for chancellor in next year's election. He appears to have defused a row with Foreign Minister Hans-Dietrich Genscher that erupted after Der Spiegel, the news weekly, quoted Burt as describing Genscher as "slippery."

Much of the credit, Burt admits, goes to his wife's skills as a hostess.

"Having Arthur Burns as a predecessor is an impossible act to follow," Burt said. "We are trying to exploit our own advantages, our youth, in order

The Burts: Seeking out dialogue with the postwar generation. The Associated Press

to present a young, dynamic image we hope is representative of the confidence and optimism of Ronald and Nancy Reagan."

Still, Burt's aggressive nature jars members of the striped-pants community of diplomats and German officialdom. Some have grumbled that his social profile and complaints about German parochialism make him appear too much like a viceroy. Others — including Chancellor Helmut Kohl, according to some reports — are perturbed that the Burts do not speak fluent German, a shortcoming they are trying to rectify through language courses.

Gahl Burt's social skills were widely recognized in her work as Nancy Reagan's social secretary, a post she surrendered to move to Bonn.

"It was a total change in role for her. She went from being a Washington working woman to being 'wife-of,'" said Sheila Tate, who as Nancy Reagan's press secretary worked closely with Gahl.

The Burts married in Rome over the New Year's holidays last year. Their courtship began with a discussion about nuclear jargon.

"We spent the first night talking about throw weight, so the second night I brought along a Rand bomb computer," recalled Burt, referring to a device made by the Rand Corp. that contains key data of nuclear weaponry. "Later I introduced her to more important things, like the Yardbirds, Small Faces, and Bruce Springsteen before he became famous."

The Burts count the release of the Soviet dissident Anatoli B. Shcharansky on Feb. 11 as one of the most moving events in which they have participated. As assistant secretary for European affairs, Burt was a pivotal figure in early soundings about negotiating Shcharansky's freedom, and when he became ambassador he became intimately involved in the talks that culminated in Shcharansky's release.

The job as U.S. ambassador to West Germany has been described as one of the most elaborate postings in diplomacy. In addition to being envoy to Bonn, Burt is the chief U.S. representative in West Berlin, where the United States shares ultimate governing authority as one of three Western powers responsible for the city. Burt's route to the job was circuitous. In 1977, he was assistant director of the International Institute for Strategic Studies in London and started to write newspaper "think pieces." By 1979 he was The New York Times's national security affairs reporter. He infuriated U.S. intelligence sources when he wrote a story in June 1979 about a Norwegian site under consideration to replace Iranian listening posts and U-2 flights over Turkey as one means of verifying Soviet compliance with the SALT II treaty.

Alexander M. Haig Jr. hired Burt for the State Department's politico-military affairs office in February 1981. A year later, Haig's successor, George P. Shultz, nominated Burt as an assistant secretary. Burt's positions on nuclear arms control policy, arms sales to Taiwan and sanctions on trade with the Soviet Union in the pipeline dispute were under attack by Senate conservatives.

When the White House nominated Burt for the West German post last spring, Senator Jesse Helms of North Carolina moved to block confirmation until reassured by Shultz that a half-dozen conservatives at the State Department would not be purged from their jobs.

In Germany, the Burts have capitalized on their youth to seek out dialogue with the postwar generation. They have found, somewhat to their surprise, that young Germans are more politically conservative and more upbeat about the future than they previously believed, they said.

"I expected far greater turmoil and self-doubt in West Germany than is in fact the case," Burt said. "I've found instead optimism and stability, and this mirrors some of the positive changes we've seen in the United States."

Gahl Burt shares her husband's views about young Germans, but has strong feelings about what she described as the "male-dominated nature of German society." Pointing, for example, to the rigid laws that compel all shops to shut during lunch hours and after 6:30 P.M., she said: "How can a woman have a family and a job in this country? When I was in Washington I did my shopping at night, but here a working woman only has four hours on Saturday to do all her errands. Everything from the store hours on down predict that men will play the larger role here."

Unlike many ambassadorial wives, Gahl accompanies her husband on nearly all trips and has developed a reputation as a "good trooper" willing to tackle any of the mundane duties confronting her husband. At "Doughboy City" in West Berlin, where GIs practice how to defend streets and buildings from an assault by East Bloc forces, she donned fatigues and joined maneuvers.

She is also engaged in a major renovation of the Bonn embassy residence. The New York decorator Mark Hampton has flown over twice to offer advice, and his English chintz look is expected to be on display at the residence by this spring.

Both Burts are definite about what they miss most back home.

"I miss being able to leave the office, putting on my Levis and driving down to my favorite bar to eat nachos," Burt said.

His wife's her yearnings were expressed more succinctly: "I miss my job."

*Donnie Radcliffe, a Washington Post staff writer, contributed to this story.*

## LANGUAGE

# The Caplet? Not Juliet

By William Safire

WASHINGTON — Quick, what's a *caplet?*

Some will rush out on the balcony to blurt Juliet's line: "Deny thy father and refuse thy name or . . . I'll no longer be a Capulet." Others will think of chewing gum; still others will find it suggests the name of a Washington hockey team with a puckish goalie.

But in a matter of weeks, everyone within reach of major marketing will know the meaning of *caplet;* it is the gulp-of-desperation word seized upon by Johnson & Johnson, makers of Tylenol, whose capsules were again tampered with by some unknown killer. A *caplet* is a *tablet* shaped like a *capsule.*

This is an example of a *portmanteau word. Portmanteau* comes from the French verb *porter,* to carry, and *manteau,* a mantle or coat: A *portmanteau* is the leather suitcase that opens, like a book, into two sections, allowing you to carry your cloak in one side and your dagger or toothbrush in the other. By metaphoric extension, a *portmanteau word* carries pieces of two words in one bag: Slam it shut, and you have one word.

"If you have Tylenol capsules," headlined the full-page ad, "we'll replace them with Tylenol caplets." The copy explained that "the caplet is a solid form" of the pain reliever, which the maker asserted is "the form most preferred by consumers. Unlike tablets, it is specially shaped and coated for easy, comfortable swallowing."

Over at the American Institute of the History of Pharmacy, the *caplet* is not seen as the savior of the industry. "It's just a tablet compressed in the shape of a capsule," says Dr. Gregory Higby, "and is not a standard pharmaceutical term by any means. *Tablet* and *capsule* are standard terms, while *caplet* is more of a bastard term, though the industry has been offering this product shape for decades."

Fred Mish, editorial director of Merriam-Webster, has an ad from early 1968 for the analgesic Vanquish, which boasts that "the caplet shape makes it easy to swallow." In addition, Mish has found in the 1941 edition of the Modern Drug Encyclopedia, by Jacob Gutman, a glossary entry that reads "*caplet* — capsule-shaped preparation, coated."

The hot new term is at least two generations old and encompasses two qualities: first, a somewhat rectangular shape, the corners smoothed; second, an aqueous coating to make it slip down the gullet like a speeding oyster. The word has another, entirely different meaning: "in the shape of a small cape"; an Associated Press fashion story in 1980 gushed over "those wonderful warm coats . . . that thrilled you in 'Dr. Zhivago,' with their double caplet collars."

Can a *caplet,* in its pharmaceutical garb, be called a *pill,* which comes from the Latin *pilula,* the diminutive of *pila,* a ball? Purists will say no, insisting that the *caplet's* rejection of a spherical shape makes it a non-pill; but *tablet,* from the Latin for "small slab," long ago knocked the pill out of shape, and now we even include *capsules* under the *pill* rubric.

THE man who coined the phrase *portmanteau word* was Lewis Carroll, creator of Alice in Wonderland; he delighted in putting together *slimy* and *lithe* to produce "the *slithy* toves," and combined a *snort* with a *chuckle* in "Jabberwocky" to have "*chortled* in his joy."

Before that, in 1812, a great political word was coined when the painter Gilbert Stuart looked at political district lines drawn to include certain voters, sketched on a couple of legs and said, "That will do for a salamander." Benjamin Russell of The Boston Centinel suggested, "Call it a Gerrymander," after Governor Elbridge Gerry, supposedly the perpetrator of the political serpent, and a Federalist war cry was born. (*Gerrymander* is pronounced with a soft *G;* Gerry pronounced his name with a hard *G,* like Gary; fame is fleeting.)

In our time, the great creators of *portmanteau words* have been Walter Winchell, whose *cinemactresses* were always *infanticipating,* and the editors of Time magazine, who married *cinemoppets* to *admen,* and on a cover last month coined a new one: "*Televangelist* Pat Robertson."

It's my guesstimate that the frequent use of this technique has been happenstance; we'll talk it over at brunch.

*New York Times Service*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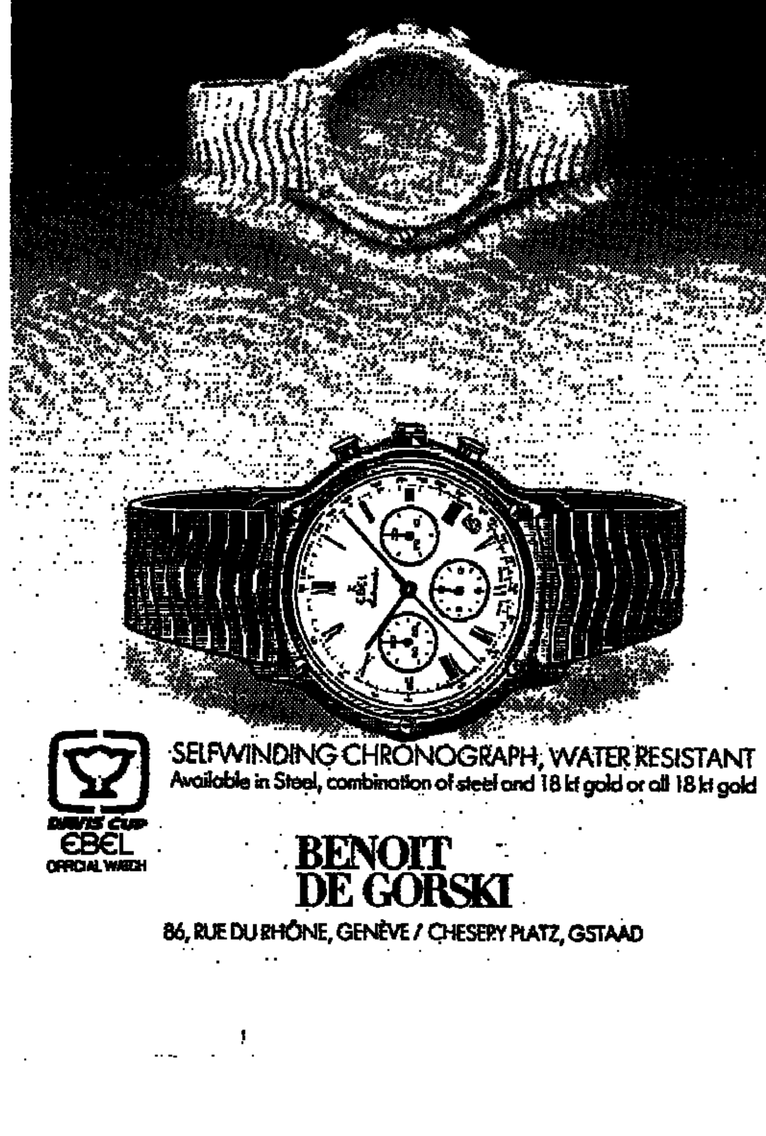



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